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Integration of social networking sites (with focus on Facebook) into CRM

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<p>Abstract</p> <p>This study provides the background of social networking sites, and integration of one of their applications (Facebook) into customer relationship management. Since technological advances change and improve the way people communicate with each other that may also have effects on relationship building. Apart from being used for connecting, entertaining, social networking sites are deployed for supporting business activities by many organisations, such as advertising, promoting brand. However, they are still limited in the use of reinforcing customer relationships.</p> <p>The aims of the research were to figure out businesses' attitudes towards combining Facebook with customer relationship management, and to examine its usage and effectiveness in reinforcing company-customer relationships. The research was conducted by quantitative method with the questionnaire survey sent to companies chosen as participants in the city of Kuopio, Finland.</p> <p>The research results indicates Facebook has not attracted both companies' and their customer attention that leads to narrow focus on interaction between the two parties across Facebook. Nonetheless, the results cannot reach generalisation about Facebook usage in Kuopio business context. Based on the research, further study is suggested to improve the outcome by designing questionnaires in both English and Finnish since English is not utilised commonly in those businesses. Moreover, answer options should be shortened, and some questions need changing their types in order to maximise response rate as well as gain more in-depth understanding of relationship reinforcement-related activities across Facebook from participants' perspectives.</p>			
<p>Keywords</p> <p>Social networking sites, social networking services, social media, customer relationship management (CRM), social CRM, customer engagement, Facebook, Facebook Page</p>			

CONTENTS

1	INTRODUCTION	7
2	SOCIAL MEDIA	9
2.1	Theoretical background	9
2.2	Social networking sites	12
2.2.1	The definition of social network.....	12
2.2.2	Popular social networking sites	15
3	CUSTOMER RELATIONSHIP MANAGEMENT (CRM).....	18
3.1	The definition of CRM	18
3.1.1	Relationship marketing scenario.....	18
3.1.2	The formation of CRM definition.....	20
3.2	The fundamentals of CRM.....	23
3.2.1	Customer knowledge.....	23
3.2.2	Relationship strategy.....	25
3.2.3	Communication.....	27
3.2.4	The individual value proposition	28
3.3	Types of CRM	30
4	INFLUENCE OF SOCIAL NETWORKING SITES ON CRM	31
4.1	Customer engagement	33
4.1.1	The overview and meaning of the concept.....	33
4.1.2	The process of customer engagement	34
4.2	Social CRM	37
4.2.1	The conception of social CRM	37
4.2.2	Benefits of social CRM in relation to traditional CRM.....	38
5	INTEGRATION OF FACEBOOK INTO CRM	41
6	RESEARCH.....	46
6.1	Research objectives.....	46
6.2	Methodology.....	46
6.3	Data collection and analysis	47
6.4	Research results.....	49
7	FINDINGS DISCUSSION AND LIMITATIONS.....	61
7.1	Discussion	61
7.2	Limitations.....	64
8	CONCLUSION	66

REFERENCES	68
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APPENDIX

The questionnaire survey

ABBREVIATIONS

CRM: Customer relationship management

CKM: Customer knowledge management

SNS: A social networking site, or a social networking service

LIST OF FIGURES, AND TABLES

Tables

TABLE 1. Social media classification based on users' goals

TABLE 2. Differences between traditional CRM and social CRM

TABLE 3. Comparison between quantitative research and qualitative research

TABLE 4. The frequency of using communication means to contact with customers

TABLE 5. The frequency of managing customer activities on Facebook Page

TABLE 6. Evaluation of Facebook's benefits for CRM from the respondents' perspectives

Figures

FIGURE 1. Traditional social networks

FIGURE 2. Computer-mediated social networks

FIGURE 3. The number of social network users on a growth trend from 2011 to 2017

FIGURE 4. The transition to relationship marketing

FIGURE 5. The CRM continuum

FIGURE 6. The use of social media channels in EU enterprises

FIGURE 7. Customer engagement cycle

FIGURE 8. Social CRM in business context

FIGURE 9. Facebook Page of The Coca-Cola Company

FIGURE 10. The ladder of engagement in Facebook Page context

FIGURE 11. An illustration of Facebook Insights metrics

FIGURE 12. Respondents' occupational positions

FIGURE 13. The industries that companies operate in

FIGURE 14. The size of those companies

FIGURE 15. The usage of Facebook Page among those enterprises.

FIGURE 16. The degree of customer engagement based on the respondents' assessment

FIGURE 17. The usage of Facebook Insights

FIGURE 18. The frequency of reporting based on Facebook Insights system

FIGURE 19. Respondents' opinions on the effectiveness of Facebook use

FIGURE 20. The reasons why the other group of respondents do not have Facebook Page

1 INTRODUCTION

In the age of technological revolution, the emergence of new media has brought significant changes in communication. Specifically, the consolidation of social networks allows individuals not only to express themselves but also to collaborate with others. A social network is defined as a set of people, organisations or other social entities, connected by a set of socially meaningful relationships, such as friendship, co-working or information exchange, and interactions to better achieve desired outcomes, by sharing expertise, resources, and information (O'Murchu et al., 2004; Kempe et al., 2003; Garton et al., 1997). Simply put, social networks are online platforms where people share their perspectives, interests, opinions, thoughts and experiences. However, the new means of communication presents new challenges and opportunities for companies since the growing importance of social networking services like Facebook, Twitter and LinkedIn has greatly impacted on business communication.

The emerging communication setup has thereby transformed consumers from being passive participants in marketing to being active creators and influencers (Kozinets et al., 2008, Merz et al., 2009). Indeed, thanks to social networking sites, consumers now no longer play a role as normal buyers. They can engage in peer-to-peer conversations about brands and products in online communities, in reverse, companies receive feedback and suggestions more easily from their consumers. They also have chances to respond directly to their consumers, enhance their offerings, handle problems and provide better service. As a result, the concept of customer engagement is becoming important to enterprises that utilise social networks as a marketing tool to build customer relationship. The engagement with consumers in social networks help companies to better hear and understand what their consumers think and need rather than focus on sales. Moreover, it opens up many new opportunities for brands to extract value from existing and potential consumers. Building customer relationship via social interaction requires companies to perceive consumers as core value of the whole business operations. Further, it is considered to be flexibility in adjusting and delivering business messages to varying audience on varying channels, including Facebook, Twitter and LinkedIn. Thus, true customer-centric approaches will guide marketing, product development and customer service. The effective usage of these social networks can bring competitive advantages to companies.

Since participation in virtual communities is increasingly popular worldwide, many organisations take advantage of the interactive nature of social networks to expand their brand images, promote products or services. How about the adaptation of social networks for reinforcing supplier-customer relationships? This thesis researches integration of social networking sites into customer relationship management in Kuopio's business context. On account of a varied range of social networking sites, it is difficult to gather their common features. Hence, the scope of research is limited to the use of Facebook as the most influential social network. The purposes of this thesis are to gain understanding of those businesses' attitudes towards using Facebook for reinforcing customer relationships, and to measure its effectiveness as well.

The thesis consists of eight chapters. The first chapter introduces the general information about social media and social networking sites, the motivation for thesis implementation as well as its objectives. The second chapter presents the overall background of the subject including the definition of social media, its components and categories, a brief introduction to Facebook and other popular social networking sites. The third chapter demonstrates the definition and fundamentals of customer relationship management, and how social networking sites has influences on customer relationship management field is described in the next chapter. The fifth chapter focuses on the main theme of the thesis that is the integration of Facebook into customer relationship management. The chapter also clarifies how Facebook is deployed for relationship reinforcement. The three last chapters indicate the research objectives, the process of conducting the research through choosing methodology, sending out the survey, analysing data, discussing the results, drawing conclusions and suggesting ideas for further study to improve imperfections.

2 SOCIAL MEDIA

2.1 Theoretical background

Technological advances enable easier and faster connection and communication without any geographical boundaries among countries or people. Specifically, the advent of social media constitutes the famous Web 2.0 which has changed the manner of interaction between individuals. Social media is understood as the technological support generating virtual relationships across interaction since it has progressively allowed individuals to rely on the internet to communicate, speak, read or comment (O'Leary, 2011). In a business context, social media is recognised as a potentially powerful marketing tool exerted by firms to promote their brand, distribute content or build direct relationships with customers. In fact, social media has a diverse range of multimedia platforms which allow firms to access millions of people, thus contributing to increase the customer base. These social media tools facilitate collaboration between the company and its customers more effectively through generating content, sharing information, creating and engaging in conversations in exchange relationships.

Social media is defined as a group of of internet based applications that builds on the ideological and technological foundations of Web 2.0, and it allows the creation and exchange of user-generated content (Kaplan & Haenlein, 2010). Simply explaining, Proulx, Millette and Heaton (2012) consider social media as media that allows users to maintain a presence, communicate and interact online.

Web 2.0

With the recent development of information and communication technology, Web 2.0 is described as a second generation of the World Wide Web that focuses on online collaboration and sharing information. Web 2.0 is the improved version of Web 1.0 in which users are limited to the passive viewing of content. Web 2.0 emphasises communication by web-based communities of participants and user-generated content. Members are encouraged to express opinions, exchange knowledge, give advice to each other, or create stories based upon their experience in virtual communities.

Web 2.0 is a platform in which software and content are not produced and published by individual companies and people, but are produced and developed by different

participants in a continuous and collaborative manner (Laroche et al., 2012). This is in line with the theory of Kaplan and Haenlein (2010) that Web 2.0 is defined as “a platform whereby content and applications are no longer created and published by individuals, but instead are continuously modified by all users in a participatory and collaborative fashion”. Web 2.0 technologies offer varied channels such as social networks, blogs, wikis, social bookmarking and video sharing that help in fostering effective communication since these channels inspire active users’ participation by enabling them to comment on published articles, and engage in debates, activities rather than merely reading or viewing content. Consequently, Web 2.0 has made interaction more fluid, cost effective and easily maintained. Furthermore, Web 2.0 supports open communications, provides benefits by delivering opportunities for collaboration (Sharma and Baoku, 2013), by expediting wide spread of information, and by reducing costs of communication, travel and operations.

Virtual communities

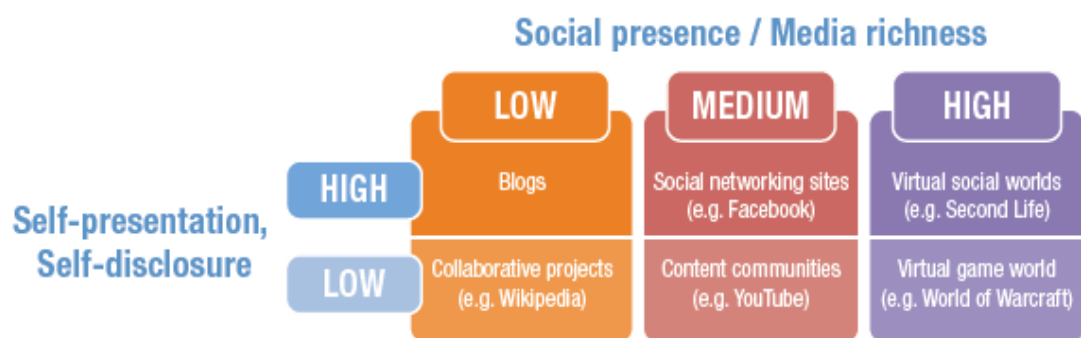
A virtual community, also called an online community, is a social network offered by Web 2.0 technology. To precisely define, a virtual community is integration of a group of individuals using the internet to maintain social relations around a common interest (Ridings et al., 2002; Flavian and Guinaliu, 2005). There are a very wide variety of virtual communities, and they are the most favourite platform of Web 2.0 that have an extremely vast number of users around the world. Indeed, Chu (2009, 279) indicates that at least 10 million individual users engage in over 50 000 online communities on the internet. Virtual communities encourage social interactions through joining in activities, discussions about an interest, topic, helping each other, and sharing information. Therefore, relationships as well as a community are formed around the domain. Within the world of online communities, knowledge and information is easily shared when numerous discussion themes are not only posted on bulletin boards but also developed with interactive assistance amongst members.

Such very high interactivity of virtual communities has an influence on consumers’ purchase decision-making. They gather product information from other online user who have previously used the same products and are willing to share their experience. The largest virtual community is Facebook which is also a social networking site. Facebook enables users to create one or more profiles often containing photos, personal interests, exchange private, public messages, and get involved in groups or networks of friends. Thus, Facebook is recognised as the most powerful virtual community for promoting brands, increasing revenue, and other business-related activities.

Classification

Social media has various types consisting of internet forums, social blogs, microblogging, social networks, social bookmarking and so forth. Nevertheless, a scheme for social media is classified based on two key elements that are social presence or media richness on the one hand, and self-presentation or self-disclosure on the other hand by Kaplan and Haenlein (2010, 62).

TABLE 1. Social media classification based on users' goals (Kaplan & Haenlein 2010, 62)



According to their arguments, a user who involves in a social networking site is more likely to be open about his/her personal information. Social media is categorised into six main forms as Kaplan and Haenlein mention in TABLE 1. However, virtual social worlds and virtual game world are irrelevant to business-related issues because of entertainment-orientation. Ultimately, social media constitute four main categories that are collaborative projects, blogs, content communities and social networking sites.

- **Collaborative projects** enable the joint creation of content by many users. Wikipedia is an example of this media type, in which participants are allowed to add, remove or change content. Social bookmarking service, the group-based collection, is another instance with the similar function, yet apart from sharing, adding and editing a bookmark of web documents, people are able to assign its rating, leave comments on media content, or vote in favour of content quality.
- **Blogs**: a blog is described as a site of dated entries (Du and Wagner, 2006), offering observations and news listed chronologically on the site, as well as commentaries and recommended links (Johnson and Kaye, 2004). A typical blog is a personal online diary where an individual has a chance to publish content, share her ideas and lives with others who will view, read, or give feedback on her

blog in return. Blogs represent a model of social interaction online, a means of generating interpersonal communication via interconnection.

- **Content communities** include text (e.g. Bookcrossing), photographs (Flickr), videos (YouTube) and PowerPoint presentations (SlideShare) as their main purpose of media content sharing.
- **Social networking sites** have become one of the fastest growing web 2.0 services (Hsiao, 2011). A social networking site not only focuses on building online communities of people who share interests, activities and exchange information but also provides a number of means for users to communicate with each other via real-time messaging, blogging, group discussions, e-mail and so forth.

By joining social media, people fulfil their need for belonging to a community as well as perceiving those who have shared norms, values and interests (Gangadharbhatla, 2008; Tardini and Cantoni, 2005). Taking advantage of the strong capabilities of social media, people are socially connected with other like-minded members, along with creating, contributing and getting involved in communities they belong to.

Social networking sites are used most popularly among social media platforms worldwide because of their explosive penetration into society. Not only ordinary people but also entrepreneurs acknowledge them as essential technological support services to maintain connections with family, friends, or customers and clients as well as to create new social ties. Therefore, the substantial volume of research and articles has been undertaken and published in order to analyse benefits of social networking sites for businesses.

2.2 Social networking sites

2.2.1 The definition of social network

According to Wasserman & Faust (1994), the notion of a 'network' is based on the establishment of ties between individuals, groups of people, organisational departments or corporations, that leads to the creation of social networks. Social networks are beneficial and valuable for network participants in that they promote activities and the use of resources. In particular, a social network normally provides participants with opportunities of finding new social contacts, creating collaborative partnerships, sharing or transferring knowledge.

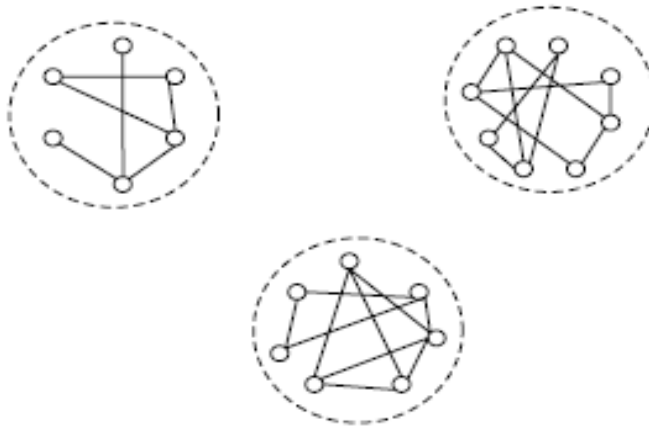


FIGURE 1. Traditional social networks (Lea et al. 2006, 122)

In the traditional forms of social networks, interaction takes place in small groups and by face-to-face conversations, for example employees in a company, members of a club. Nevertheless, a traditional social network is limited to the number of network members, time and locations as well because of its face-to-face interaction nature.

Advances in technology have altered the characteristic of traditional social networks. Social networks now are mediated by computers, which allows the connection and interaction between participants, and enable communication activities regardless of geographic location and time zone. Social networks empower individuals to express themselves and to associate with others through generating and disseminating content, news, ideas or entertainment. Thanks to social networks, the users can exchange information and provide solutions from and to different locations across the world in a very short period of time (Lea et al., 2006). Kelsey (2010) assumes that social networks are a way of promoting and sharing thoughts and image with other people across the diverse existing platforms.

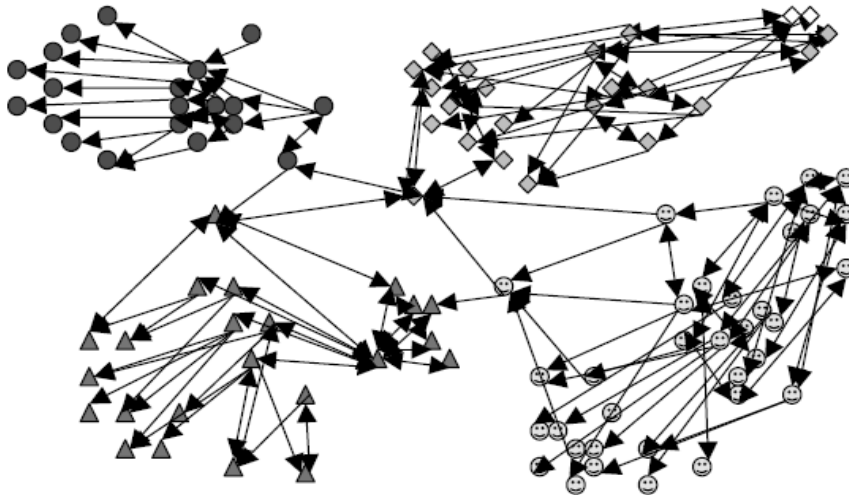


FIGURE 2. Computer-mediated social networks (Lea et al. 2006, 123)

The term “social networking site” is used interchangeably with “social networking service”, since a social networking service is a platform or a site that concentrates on building social relations among people who share interests, activities and backgrounds (Wikipedia), which lead to the abbreviation “SNS” applied for the two terms. SNS is defined explicitly as “services based on internet that allow individuals to build a public or semi-public profile within a system, create a list of other users that share a connection, and see and navigate through their list of connections and of those created by others within the system” (Boyd and Ellison 2007). Kwon and Wen (2010) propose social networking sites are “websites that allow building relationships online between persons by means of collecting useful information and sharing it with people. Also, they can create groups which allow interacting amongst users with similar interests”.

SNS supports the maintenance of existent social relationships and the formation of new connections between participants through the internet. SNS applications appeal hundreds of millions of uses and these numbers are growing fast (Lorenzo-Romero, Constantinides and Alarcón-del-Amo 2011). Nonetheless, SNS is misinterpreted as a social network in reality. Therefore, the term “social network” is used more frequently than the term “SNS”.

eMarketer reported that nearly a quarter of the world’s population use social networks in the year 2013 when the number of users increased to 1.73 billion during the period. The figure is estimated to continue jumping to 2.55 billion within the next four years.

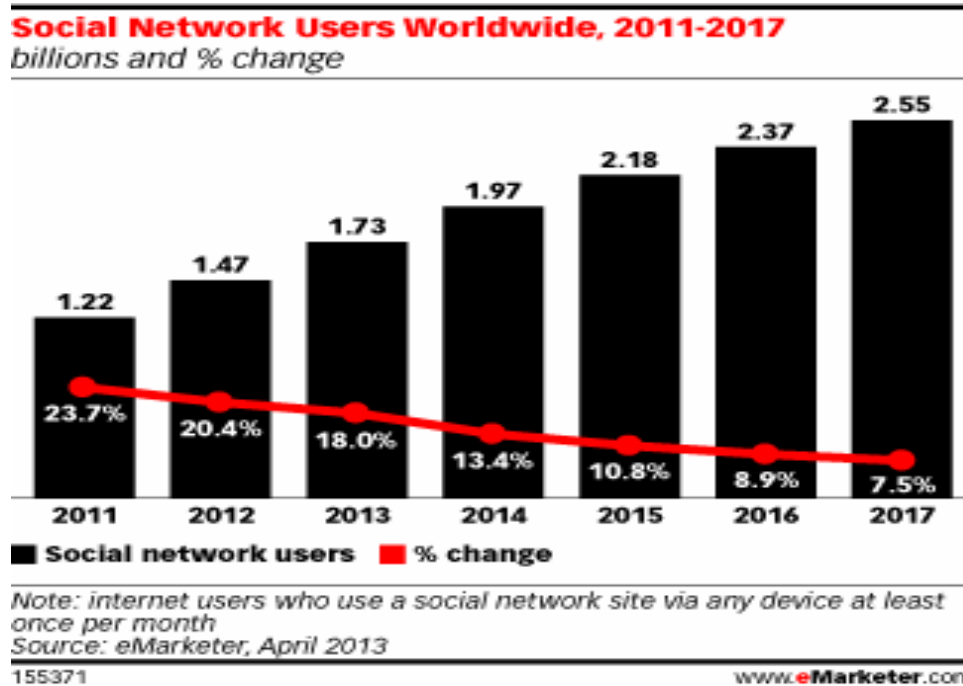


FIGURE 3. The number of social network users on a growth trend from 2011 to 2017 (eMarketer 2013)

SNS is used to reach well-known existing connections as well as loose acquaintances or strangers, depending on the user's intent. This intent is determined through the mode in which the user can choose to interact with others on SNS (Kabadayi and Price 2014).

2.2.2 Popular social networking sites

Facebook

Facebook is the most popular and largest social network with over 1.06 billion active participants as of December 2012 and the number is continuing to increase enormously. Initially, Facebook was started at Harvard where its founders originally used it to encourage classmates to get to know each other better. The first printed version was practised by students with the purpose of exchanging biographical information, interests, areas of study and so on. Then it was expanded other high schools, universities and finally major corporations before releasing to the general public in late 2006. Facebook was continuously upgraded with new interfaces and functions, and rapidly gained the advantage over other networks of people who were likely to keep in touch with one another. One view, described by Treadaway and Smith (2010) is that a high concentration of people interacting inside Facebook provided great insight into what people would do

and how they would share information with one another. Most importantly, it produces an idea of the feature and enhancements that would help Facebook compete with rivals.

Facebook allows users to connect with family, friends and get recommendations for useful products and services. By creating an account with a public or semi-public profile, users then have the option of showing personal information, the identities of their friends, sharing photos, activity feeds (Palmer and Koenig-Lewis, 2009), and receiving information about other people's lives. This leads to a form of collaboration which creates new content (Coulter and Roggeveen, 2012). With more than one billion active users, companies can no longer afford to ignore Facebook as a powerful communication channel for reaching current and potential customers. Since this issue is relevant to the thesis's research topic that is integration of social networking sites (with focus on Facebook) into customer relationship management, they will be seriously considered together in chapter 5.

Google+

Google+ (Google plus) is ranked as the second largest social media platform in the world after Facebook. Google+ was introduced in June 2011 by Google Inc. It has 10 million users just two weeks after launching and reach over 540 million users in total presently. Like Facebook, Google+ is powered by a centralised stream which allows users to add a status update, share photos, videos, or interact with their contents. Nevertheless, the service is slightly different in relation to Facebook. While Facebook focuses on supporting personal connection, Google+ offers a dynamic environment where participants freely promote a dialogue about issues, discover and share meaningful content, ideas, engage with new and interesting people. Furthermore, users are encouraged to leave lengthy replies and customise the information they see.

Twitter

Joining the social networking trend in March 2006, the microblogging service Twitter has grown to have more than 500 million active users as of March 2013, yet it is a limited social network. Even though Twitter is also an online interface for posting real-time events, sharing photos, web links, or quickly communicating with people having similar interests, the service only enables user to write 140-character messages. Content is usually made up of short sentences. Therefore, Twitter is considered to be the perfect social messaging tool due to the nature of broadcasting short messages without spending plenty of time crafting a lengthy post.

LinkedIn

LinkedIn is a business-oriented social networking service. Recently hitting 300 million participants, it has become the most prominent social network for business in the world until now after being launched in May 2003. LinkedIn is described as a huge database of professionals and a good place for contacting with other professionals or finding job opportunities. Similar to three social networking services above, users are able to exchange information, engage in dialogues with others and so on. However, the LinkedIn experience is completely different compared with the three ones. In fact, LinkedIn is designed specifically for professionals as content or discussion topics just surround business expertise and career issues. As demonstrated by Treadaway and Smith (2010), the site is most often used for qualified, surgical introductions to individual business contacts as well as for background screening on individuals in the business world.

3 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

3.1 The definition of CRM

From the past academic research, the term CRM was used interchangeably with the concept of relationship marketing. Both of the terms are difficult for academics to state their own definitions. However, from viewpoints of many authors and market practitioners, CRM and relationship marketing were defined generally as an organisation's engagement in maintaining and developing win-win relationships with individual customers as well as creating value for the parties involved. It has been assumed that there is a relational exchange between CRM and relationship marketing as CRM is based on the principle of relationship marketing.

3.1.1 Relationship marketing scenario

The traditional marketing relates to the marketing mix "4Ps" framework. The framework concentrates on analysing four main P's classification that are product, price, place and promotion. The 4P's model is applied by many businesses to exploit market demand. Nonetheless, this model is not suitable for present market situation when customer demand become more complex and less response in traditional marketing pressure in addition to competitive market environment, new source of competition, globalisation in stage of product design, and the emergence of new media and technology. Thus, the transition trend in marketing strategy is necessary to adapt to new competitive market environment, thereby changing in the relationship between a company and its customers. These issues results in the development of relationship marketing theory. Relationship marketing has become an important issue debated by many academic researchers together with numerous articles and special journals.

In essence, relationship marketing is concerned with the nature of the relationships between a firm and a customer to forge long-term relationship that take account of customer's needs and values. On the other hand, relationship marketing emphasises relationships between an organisation and stakeholders, thus strategic issue is establishing the portfolio of relationship that is essential for the organisation.

Customers do not only look for goods or services, they demand a much more holistic offering including everything from information about how to best and safest use a product to delivering, installing, repairing, maintaining and updating solutions they have bought (Grönroos 2004).

The term is identified in detail by Harker (1999). According to Harker, relationship marketing occurs when an organisation engages in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers or partners over time.

This theory is also supported by Payne (2005, 8). The author describes relationship marketing as a move from functional-based marketing to cross-functional marketing, a shift from marketing activities which emphasise customer acquisition to marketing activities, and an approach which addresses multiple stakeholder groups, not just traditional customer market.

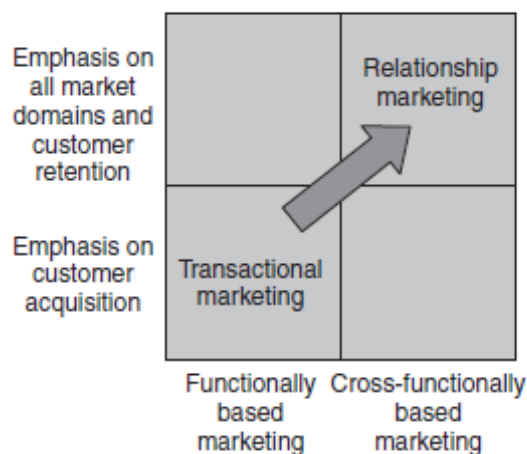


FIGURE 4. The transition to relationship marketing (Payne 2005, 8)

Relationship marketing model highlights attention to customers more than transaction volume. Customer-oriented approach enables an organisation to invest plenty of time and effort in recognising and retaining profitable customers. Consequently, strategies are devised to enhance the profitability of those customers it seeks to target.

The second principle is to emphasise multiple markets. Unlike the traditional marketing method which aims to end-customers, relationship marketing stresses importance of other stakeholder groups that affect a business's ability to retain profitable customers.

Stakeholder groups include customer markets, influencer markets, recruitment markets, referral markets, internal markets, and supplier/alliance markets. Customer markets, for example, consist of wholesale, intermediaries and consumers whilst influencer markets comprise financial and investors, environmental groups, business press and media, and so on.

Finally, relationship marketing is based on marketing activities which adopt cross-functional approach. Traditional marketing strategies has been developed functionally by marketing department. Marketing strategies typically seek to optimise the use of outputs, hence budget driven. In contrast, cross-functional approach in relationship marketing strives for improving outputs, hence market driven. Moreover, the new approach that involves an organisational culture and climate in encouraging collaboration within the business when serving customers is not only the sole responsibility towards marketing department but also everyone's in the business.

CRM is built upon those principles of relationship marketing. It is assumed that the rise of CRM is from the shift in marketing approaches (from transaction to relationship marketing), realisation that customers are a business asset instead of a commercial audience, and the enormous utilisation of technology for extracting customer information, thereby analysing customer value.

3.1.2 The formation of CRM definition

CRM continuum

Customer relationship management (CRM) is a term involved in business strategies. It has grown from the basis of post-sales support services offered to customers, such as warranty, quick response within 24/7 context and so on. Because customer demand is varied according to the distinct characteristic of each individual, it is necessary for a company to possess proper understanding of its customers in order to provide the right match fitting specific needs of each one. Customers often expect value what they will derive from supplier, not only the quality of goods or services, whereas companies expect a degree of loyalty in exchange for their goods and services (Bergeron 2003).

In general, the objective of CRM is building and developing long-term relationships with target customers through fulfilling their requirements to retain customer loyalty as well as

improve and increase corporate profitability. Moreover, today's business environment is facing increasing rivalry, so the competitive advantage is the key factor creating outstanding difference of an organisation. The competitive market has resulted in attitude shift towards seller-buyer relationships. Customers are considered to be assets which contribute to improve a company's market value. Ndubisi (2004) reported that more and more firms are capitalising on strong firm-customer relationship to gain invaluable information on how best to serve customers and keep them from defecting to competing brands.

According to Francis Buttle (2009, 3), the expression CRM has only been used in the early 1990s. Since then there have been many attempts to define the domain of CRM. As a relative immature business or organisational practice, a consensus has not yet emerged about what counts as CRM. Many debates about explaining the meaning of CRM have occurred between many scholars and business people for a long time. It has been suggested that CRM can be defined from at least three narrowly and tactically as a particular technology solution, wide-ranging technology, and customer centric. These perspectives can be portrayed as a continuum (Payne and Frow 2005, 19) demonstrated in FIGURE 5. In regard to a point at the beginning of the continuum named CRM "Perspective 1" by the authors, CRM refers to a particular technology solution. It is described as an e-commerce application (Khanna 2001). Similarly, Kutner and Cripps (1997) point out that CRM is data-driven marketing. These definitions of CRM are narrow and tactical as they are concerned with a short-term goal of a business.

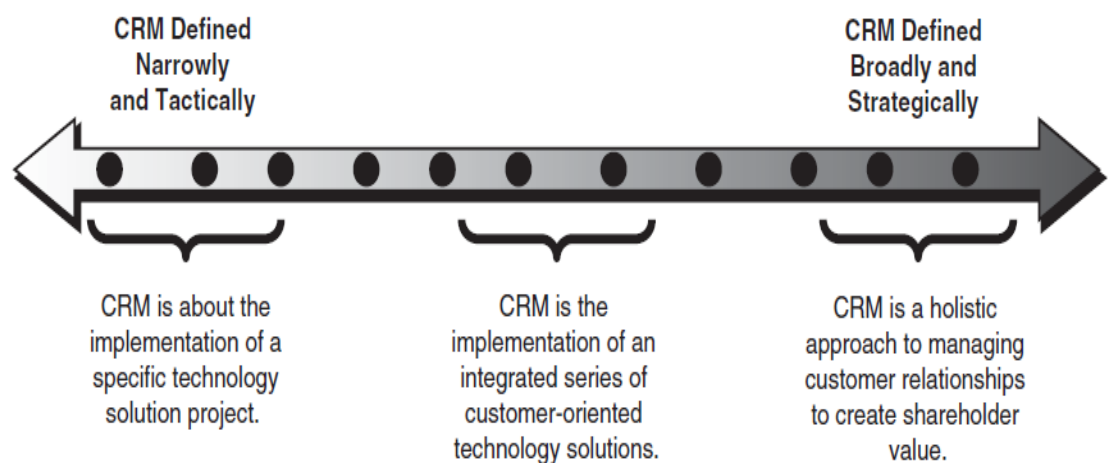


FIGURE 5. The CRM continuum (Payne and Frow 2005, 19)

“Perspective 2” incorporates the adoption of technology into customer-oriented practice. Within this context, CRM includes numerous aspects, but the basic theme is for the company to become more customer-centric; methods are primarily Web-based tools and Internet presence. This idea was proposed by Gosney and Boehm (2000). “Perspective 3” reflects a more strategic and holistic approach to CRM that emphasises the selective manage. Singh and Agrawal (2003) explain that CRM is an enterprise-wide initiative that belongs in all areas of an organisation while Buttle (2001) indicates CRM is about the development and maintenance of long-term, mutually beneficial relationships with strategically significant customers. Despite CRM more broadly defined in the context of “Perspective 3”, the statements still does not provide enough a comprehensive explanation about how CRM is executed.

The comprehensive CRM definition

According to Payne and Frow, the scope of CRM is not simply limited to technological solutions that are used to acquire and grow a customer base; it includes a profound synthesis of corporate strategic vision, understanding of the nature of customer value in a multichannel environment, the utilisation of customer information management-integrated technology applications, and high quality operations and fulfilment. As a result, the new definition of CRM was introduced by Payne and Frow (2005, 22-23).

“CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications.”

This explanation shows comprehensive understanding of what CRM literally means and how CRM works. With the new database technology’s support, organisations are enabled to get knowledge of who customers are, what and when they bought, even prediction based on historical behaviour. Even though there are still many diverse thinking on the definition of CRM until now, the theory of CRM built up by the two authors has to a certain extent contributed to developing conceptual framework for CRM that aims to increase the acquisition and retention of profitable customers, and improve customers’ experience of how they interact to create more loyalty from them.

3.2 The fundamentals of CRM

3.2.1 Customer knowledge

Customer knowledge is described as a competitive asset equal in value to the financial assets of the company (Galbreth 2002) because its development enhances new product performance. Through facilitating personalisation of customer interaction, organisations are able to customise products and services offered to customers, thereby cultivating customer relationships. With an emphasis on customer knowledge, they can improve fundamental ability to compete, develop sustainable competitive advantage and to do better than their rivals.

Based on the viewpoints of researchers, customer knowledge is categorised into two types, tacit and explicit knowledge. While explicit knowledge refers to knowledge acquired from customer-specific data on sales records and past purchases, tacit knowledge focuses on knowledge possessed in customers' mind. Duffy (2000) has a coherent explanation about explicit and tacit knowledge as follows:

- Explicit knowledge is documented and public; structured, fixed-content, externalised and conscious.
- Tacit knowledge resides in the human mind, behaviour and perception.

To put it simply, explicit knowledge is what can be captured and shared through information technology; on the contrary, tacit knowledge evolves from people's interaction, and requires skill and practice to understand.

A similar view is held by Garcia-Murillo and Annabi (2002), Day (2000), and Davenport et al. (2001) when they explain that knowledge flow in CRM process. Customer knowledge can be classified into three categories that are knowledge for, about and from customers.

- Knowledge for customers is customers' understanding of products, markets and suppliers.
- Knowledge about customers includes customer histories, connections, requirements, expectations and their purchasing activity.

- Knowledge from customers is knowledge gained through interaction with customers for the purpose of sustaining continuous improvement, for instance new product development.

Ordenez de Pablos (2002) states that knowledge for and from customers are the relational intellectual capital of a firm.

The term “customer knowledge management” is commonly defined as a combination of knowledge management and CRM principles. Customer knowledge management (CKM) is concerned with the management and exploitation of customer knowledge (Rowley, 2002). CKM puts an emphasis on the fact that customers are partners in the knowledge creation process since it enhances the role of customers as active and key participants through a process for identifying, disseminating and using knowledge about, from and for customers. Sharing and using customer knowledge contributes to create better products as it enables an organisation to understand not only the customer’s purchasing patterns and trends but attitudes and preferences as well, thereby adding value for both parties including the organisation and its customers.

Moreover, it is assumed that not every customer is equally important to an organisation in term of his/her lifetime value. Thus, it is necessary to segment customers in order to recognise profitable ones. The function of CKM is to provide customer insight, customer profiles, habits, behavioural patterns and contact preferences for a company so that it can identify profitable customers and improve connections with customers as well. CKM normally relies on historical transactions, sales records or past purchases; however, today computer technology advance helps firms more smoothly capture customer knowledge when customer information is stored in databases, analysed and interpreted by CRM software applications. It can be argued that knowledge gained on customers will enable organisations to make intelligent decisions as to which customer to acquire and develop, what channels to use when contacting the customer, what products/services to sell, acquire and develop, and how to get the business to deliver excellence using the CRM strategy (Mark Xu and John Walton, 2005).

CKM is crucial for a company not only to derive customer satisfaction but also to develop the long-term relationships.

3.2.2 Relationship strategy

Relationship strategy determines the leading role in CRM literature as it aims at building long-term, reciprocal relations with customers. Many companies are capitalising on strong customer-company relationship to gain invaluable information on how best to serve customers and prevent them from defecting competing brands (Ndubisi, 2004). Hence, customer relationship building produces mutual benefits to both the firm and the customer. Since customer-seller relationships do not solely depend on transactions, an effective relationship-oriented strategy will retain customers' preference. Trust and commitment are regarded as the important aspects of the relationship strategy.

Commitment

Commitment is an essential ingredient for successful, long-term relationships. It is defined as an enduring desire to maintain a valued relationship (Moorman, 1993; Morgan and Hunt, 1994). Customer commitment is the most significant driver of customer intentions regarding the relationship, such as repurchase, positive word of mouth. There have been many definitions of the commitment concept appearing in the fields of psychology, organisational behaviour, and marketing (Service Marketing 2010, 17). The definitions of commitment involve both a psychological state and a motivational phenomenon. Concerning a psychological state, commitment is considered a pledge, dedication while it pertains to relationship maintaining, repurchasing in terms of a motivational phenomenon. Three dimensions of commitment is adopted based on the organisational behaviour literature that involves affective commitment, continuance commitment and normative commitment.

- Affective commitment is generally defined a condition where the customer has an identification based attachment to their relational partner (European Journal of Marketing, 2014, 659). In essence, it is linked with the feelings of a customer towards a brand, and based on personal involvement with the company. Johnson et al. (2006) states that affective commitment determines the customer's desire to continue the relationship in the future.
- Continuance commitment is described as the degree to which a customer is psychologically bonded to the organisation on the basis of the perceived costs associated with terminating the relationship (Gruen et al. 2000). This form of commitment is a more rational bond. A customer who experiences a high level of continuance commitment has considered the relative benefits of remaining with

the current provider and simultaneously have determined that the costs of finding a suitable alternative outweigh any potential gain (Jones et al. 2010).

- Normative commitment is based on the extent to which the customer feels his or her sense of obligation to the organisation. The social norm of reciprocity is identified as a base for normative commitment that is partially rooted in perception about a reciprocal obligation a party feels for its relational partner. Reciprocity is a powerful source of influence on interpersonal and inter-organisational relationships that urges one to return a favour which has been granted. For instance, customers are willing to pay more for the product, or they remain faithful to the firm.

Fullerton (2014) assumes the best customer-organisation relationships are developed from affective commitment in which the customer sympathises with the organisation in an emotional tie. The effects of affective commitment result in customer retention, or positive word of mouth recommendations.

Trust

Another core element which may be used to describe relationships is trust. Trust, the foundation of a strategic partnership between the company and its customers, has been defined by Moorman, Deshpande and Zaltman (1993) as a willingness to rely on an exchange partner in whom one has confidence. Furthermore, trust is considered as shared value (Morgan and Hunt, 1994), fulfilled promises (Bitner, 1995). It is understood that trust is associated with qualities such as honesty, fairness, responsibility, helpfulness and involvement. Of these characteristics, honesty is seen as the basis of trust. Honesty emerges as parties share experience and learn more about each other that leads to risk and doubt reduced. So, without honesty, conflict and uncertainty rise, which negatively affects the customer-supplier relationship.

Trust evolves through reaction and assessment over time (Young 2006), being seen as an important driver to both relationships and relationship enhancement in that it would appear to reduce risk perception more effectively than anything else (Egan 2011, 120).

There are three distinct levels of trust which may be identified (Peelen 2005, 34). The lowest level is keeping one's commitments. Concerning with a personal trait of the partner is the second one. The third level relates to general, all-encompassing

standards, integrity for example. Correspondingly, a three-dimensional view of trust is proposed by Lewicki and Bunker (1996).

- Calculus-based trust is based on a calculation. The outcome of a new relationship are weighed against those of dissolving it (Buttle 2009).
- Knowledge-based trust relies on each individual party's interactive history and knowledge that enables one to make right predictions about the other's action.
- Identification-based trust occurs when customers have full confidence in the company, perceiving that their desires are fulfilled. The company also has in-depth knowledge of customers' needs in turn.

Trust forms close relationships between the supplier and the customer which needs investing a great deal of effort in building to have a consequence for commitment.

3.2.3 Communication

Communication is viewed as a key resource for companies attempting to collaborate with their customers on co-creating value. Communication competence is essential for developing various offerings in order to satisfying the customer's needs. Effective communication enables businesses and customers to meet and exchange information regarding needs that might otherwise be difficult to express or transfer. Payne et al. (2008) reported that communication is an important element in a company's ability to manage value co-creation. Furthermore, it has been argued that the process of communication and socially rich interactions with customers is one of determinants for product success (Gruner and Homburg, 2000; Lundkvist and Yakhlef, 2004). Accordingly, business success depends directly on organisational communication and its effectiveness when the value of a business is created by means of images, conceptions, stories and experience, which emerges from interactions with customers.

Communication is the essence of sharing knowledge and coordinating behaviour because it increases the exchange dialogue and creates personalised customer experience (Jayachandran et al., 2005; Thomas and Sullivan, 2005; Sin et al., 2005). It is based on information reciprocity that means a customer gives his information to a firm in turn for customised offerings. It is not easy to gain customer information without considering appropriate communication channels. The customer's preferred communication means is different from each other. Some people choose email, or phone calls to contact with their

providers, whereas other ones prefer short message service, call centre, or web chat. Therefore, it is essential to build right channel options so that businesses can improve interaction with customer base, and ensure highly positive customer experience within those channels.

Moreover, communication is understood as competence that is crucial to business survival because every contact with customers and stakeholders reflects upon the company's brand and reputation (Malmelin 2007, 304). Competence refers to a broad range of personal attributes, such as individual's skills, knowledge, experience, abilities, characteristics, etc. that is required of all people working in an organisation to impart information about the organisation's performance to customers. Since customers easily form opinions, perceptions, and impression of a company when they get in contact, every interaction between two parties may have an effect on the company's brand. Hence, communication is understood broadly as an integral part of the management of an organisation. Malmelin (2007) describes communication as a function that embraces the whole organisation that impacts its performance and success in achieving the mission. Despite the fact that communication impacts people's opinions, perceptions and attitudes, it is extremely difficult to demonstrate these impacts on business growth and development because of the abstract and intangible nature of communication.

Nonetheless, it is increasingly important to recognise communication as an organisation-wide activity comprising both communications within and outside an organisation. Thus, the company is required to advance appropriate communication structures as well as an organisational culture that promote openness and dialogue. For instance, an organisation's networks or relations with customers entail strong communication skills of the staff. Further, reliable communication and efficient two-way contact between supplier and customer lead to a strong customer relationship.

3.2.4 The individual value proposition

The purpose of CRM is to build beneficial relationships with customers at individual level. Customers do not buy a product's characteristics; rather, they buy the benefits the product provides (Lindic and da Silva 2011, 1694). Each customer is different and has changing needs, thus requiring diverse corresponding offerings. It has been argued that competitive advantage is achieved by effectively delivering a superior value proposition to a chosen group of customers. Whereas competitive advantage is defined by the company's use of

resources and capabilities to create customer value (Rintamaki et al., 2007), a value proposition describes how a company's offer differs from its competitors and explains why customers buy from the company (Lindic and da Silva 2011, 1694).

According to Carter and Ejara (2008), the term of customer value proposition has been used widely in business markets in recent years. Anderson et al. (2006) points out "there is no single widely approved definition for a customer value proposition", and the concept has been only analysed in depth in very limited amount of literature. According to many authors' viewpoints, a customer value proposition should be defined from the customer perspective and considered as a strategic role in pursuit of competitive advantage. Ballantyne and Varey (2006) explain that value propositions are reciprocal promises of value, operating to and from suppliers and customers seeking an equitable exchange, while Rintamaki et al (2007) describes it as "an encapsulation of a strategic management decision on what the company believes its customers value the most and what it is able to deliver that gives it competitive advantage".

Value proposition is considered from the customer's perspective when a firm gives the solutions-to-problems approach to customers, emphasising the customer rather than the product. It also highlights product benefits rather than product features. The value proposition is regarded as a promise of value to customers, combining benefits (including product quality, performance, selection and convenience) and price.

Further, the value proposition is recognised as an important part of the overall value creation process in customer management. Adrian Payne (2005) identifies three key elements of the value creation process that involves the value the company provides for its customers, the value extracted from customers, and this value co-creation management. The value the customer receives from the company formulates the concept of the benefits that enhance the customer offering, which can be integrated in the form of a value proposition (Lanning and Michaels 1988). A value proposition is not about a company's features or offerings, but about the customer's experience in terms of their needs and wants (Barnes et al. 2009).

After all, value proposition is simply understood as the way organisations perform by focusing their activities on best serving their customers and making profitability simultaneously. Apart from differentiating offerings from the competition, companies have to consider what their target clients truly value. Therefore, value proposition should

ultimately aim to not only provide focused and distinct benefits that solve target customers' problems but also add value from customers' perspective.

3.3 Types of CRM

Meta Group, an analyst firm, classifies CRM into three main types.

- Operational CRM refers to front-office customer contact points, focusing on the automation of customer support, for example selling, marketing and customer service. This system includes sales automation, marketing automation, and customer service automation.
 - Sales automation is used to not only handle current customers but also acquire new ones. Information about a customer is recorded and maintained in the CRM system in order to identify if he/she is a prospect.
 - Marketing automation is involved in campaign management using specific customer information to develop communication strategy across channels. For instance, a firm have shops, retail branches, or a website for transactions.
 - Customer service automation relates to interactions with customers via direct mail, call centres, blogs and so on that is stored in the client database (generally known as customer history) for tracking when necessary.
- Analytical CRM supports organisational back-office operations, designed to analyse in depth customer information and data. Analysis is done in every aspect of business: customer, marketing, sales, service and channel analytics.
- Collaborative CRM includes all of the channels and infrastructure a company employs to communicate with its customers. It deals with synchronisation and integration of customer interaction and communication channels, such as phone, email, fax, website and so forth. Based on the system, customer information is shared within various departments of an organisation to better serve customers. For example, the marketing department is responsible for customising products in accordance with customers' requirements, whereas the finance department is in charge of evaluating cost and price of those customised products.

4 INFLUENCE OF SOCIAL NETWORKING SITES ON CRM

Attracted by the rapid penetration of social media into society (Dickey and Lewis 2010), firms are increasingly using them as a part of their marketing and brand building activities (Gallaughier and Ransbotham 2010). In fact, social media provides the opportunity to connect with customers using richer media with a greater reach (Thackeray et al., 2008). Social media and specifically social networking sites are significant for shaping commercial online interaction.

Business success is positively correlated with the opportunity to mobilise and direct resources such as human, financial, intangible, or intellectual resources (Lea et al., 2006), which refers to the strength of the organisation's social networks. Having strong social networks is important for entrepreneurs to acquire resources needed as it brings major benefits that include opportunities of finding social support, establishing new social or business contacts for association, accelerating knowledge transfer and so on.

Social networking services are recognised as one of marketing channels to promote a firm. By using online social platforms, the firm presents its own website, product, service, distributes content, and communicates with a wide community and get feedback. In reverse, social networking services afford opportunities for users to share information about a wide range of products offered, their prices and quality. The development of social networking services influences the way organisations interact with their customers, therefore, Parise et al. (2008) state that SNS is becoming more powerful for building social networks.

The rise of vast social networks has challenged the traditional concept of CRM, whereby the role of customers is more emphasised. They are no longer limited to passive consumers in their relationship with a company. Instead, they are able to access information about competitive products available anywhere across diverse social networking platforms such as Facebook or Twitter as well as to easily express and distribute their opinions to large audience. The emergence of social media in general and social networking sites in particular offers companies opportunities to listen to and engage with their customers in an effort to encourage them to become advocates for those companies' products. Besides receiving feedback and suggestions more easily from customers through these sites, businesses can respond immediately to customers, enhance offerings, handle problems and provide better services.

Social Media Examiner (2013) reported that top three platforms used by marketers belonged to social networking sites, with Facebook holding the first rank (92%). Meanwhile, according to the data provided by Eurostat in spring 2013, social networks were the most favourite form of social media used by 28% of total enterprises in European countries. Half of EU enterprises used social media with the purpose of obtaining customers' opinions, reviewing, or answering their questions.

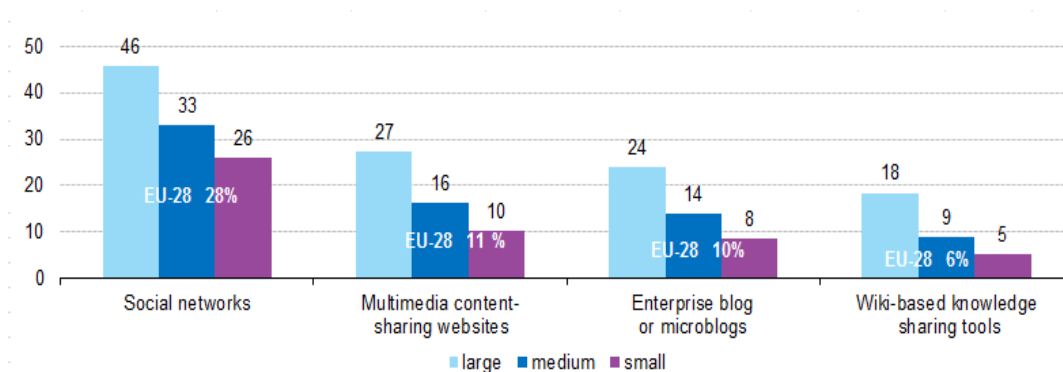


FIGURE 6. The use of social media channels in EU enterprises (Eurostat, 2013)

Likewise, Finnish enterprises using social networks accounted for 34% (Statistics Finland 2013). 56% of those enterprises applied social networks for responding customers' opinions, reviews, questions.

The proliferation of social network usage on a global scale delivers the new form of engagement that helps organisations to extract value from existing and potential customers. Therefore, social networking sites are considered the most suitable medium for forming and developing direct relationships with customers. Adopting social networking services to CRM has raised challenges for entrepreneurs since these social network channels allow customer to publish information, engage in a debate, comment, give ratings, reviews, and post personal experience about an organisation, thereby creating either a positive or a negative impact on the image this organisation presents online. It is considered that social media marketing is based on word-of-mouth which strongly affects customer's purchase behaviour. Nevertheless, as consumers can easily create their own social networks by directly editing and generating information online about companies, uncontrolled messages are unavoidable. Consequently, the customers may be misled and damage the organisation's brand reputation. Therefore, it is imperative that the

organisation connects with audience all the time as well as handle misleading or inaccurate information in time.

SNS empowers customers to get involved in organisations' activities that has also generated the new concepts that are "customer engagement" and "social CRM". In general, customer engagement relates to consumers' shared thoughts, interests, comments, even complaints about brands or products across social network platforms. With respect to the concept of social CRM, it is the utilisation of social media technologies to connect and communicate with customers.

4.1 Customer engagement

4.1.1 The overview and meaning of the concept

Social networking sites have revolutionised the way information is handled. Customers not only have access to more information on products offered but also are given opportunities to interact with their providers, from which the concept of customer engagement is developed. Despite many different interpretations of what customer engagement is, there is no an exact definition. According to Economist Intelligence Unit (2007), customer engagement refers to the creation of experience that allows companies to build deeper, more meaningful and sustainable interactions with their customers. Meanwhile, Forrester Consulting (2008) defines customer engagement as forming deep connections with customers that drives purchase decisions, interaction, and participation over time. Customer engagement is described as a customer's behavioural manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers (van Doorn et al. 2010, 254).

Based on three explanations above, customer engagement can be perceived as customers' devotion to dialogues with a company through processes that impact this business. The engagement activity facilitates interaction between an organisation and its customers and among the customers themselves as well, highlighting the role of customers and embraces them in the value-adding process of the organisation. Engaged customers contribute to co-creating value by recommending products to others, generating content, disseminating information, providing feedback on strategies and products, and becoming advocates for the organisation among their peers.

The process of engagement is expanded to include collaborative activity that occurs between the company and its customers as well as connections among customers. Evans and McKee (2010, 15) assume the social engagement process moves customers and similar participants in brand, product, or service-related conversations beyond the act of consumption to collaborate and produce experience in creating value. Generating intelligence and responding to changing customer needs help the organisation build intimate long-term relationships with customers (Sashi 2012, 259).

More importantly, customer engagement is indispensable for value co-creation as it reveals their experience of consuming products, or the way they interact with their provider. Co-creation implies the joint value between the supplier and the customer (Prahalad and Ramaswamy, 2004), and requires collaborative effort in resolving problems as well as strengthening the commercial relationship. The two authors also point out that the value co-creation opportunities resulting from the transformation of customers from passive audiences to active players. The interactivity of social networks provides customers with freedom in sharing their feelings about a product, or service, in return the company identifies if the product meets customers' needs through interaction with them. Value co-creation is considered, therefore, as an approach to increasing value for both the firm and its customers. The customer's role in this process is centred upon carrying out a series of activities to achieve a particular aim (Payne et al. 2008).

4.1.2 The process of customer engagement

As stated by Sashi (2012), customer engagement focuses on satisfying customers by providing superior value than competitors to build trust and commitment in long-term relationships. Engaged customers become partners who cooperate with the company in the value adding process to fulfil their needs, which not only endures intimate buyer-seller relationships but also builds emotional bonds in relational exchanges. Based on these ideas, the customer engagement cycle proposed by the author includes connection, interaction, satisfaction, retention, commitment, advocacy and engagement.

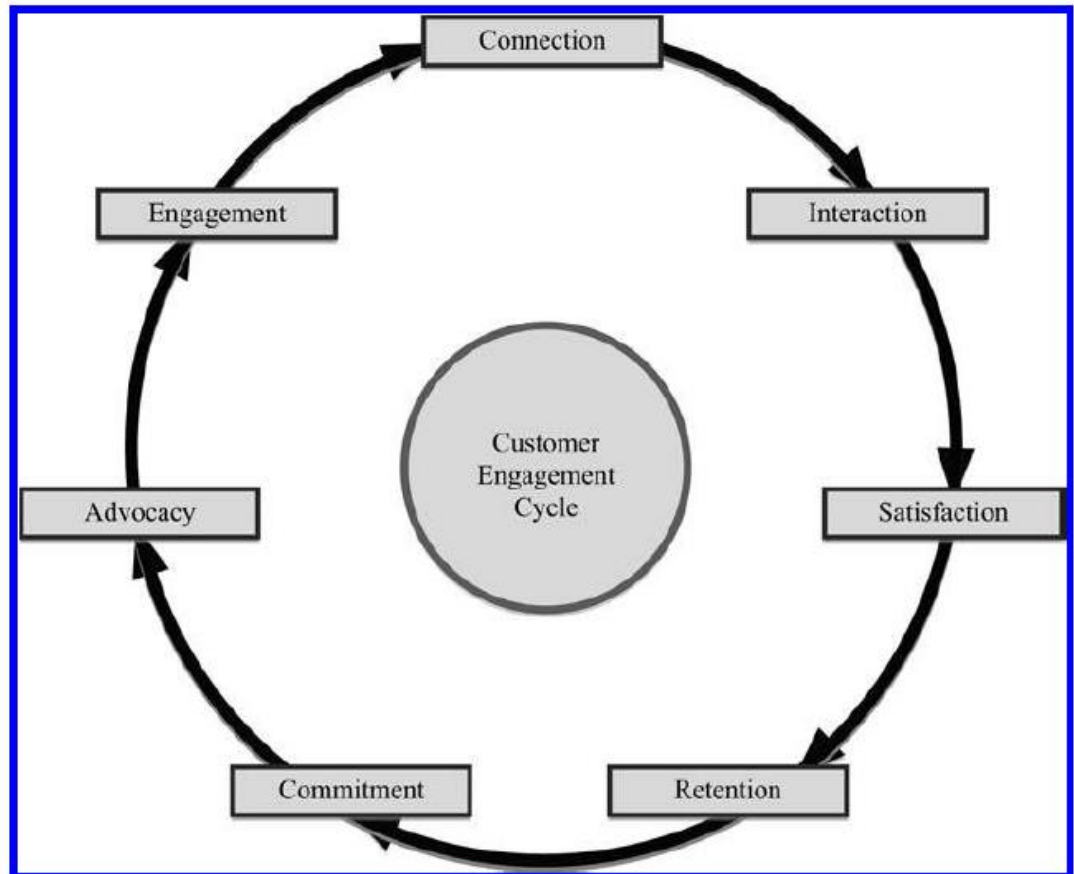


FIGURE 7. Customer engagement cycle (Sashi 2012)

Describing

- **Connection**
Connection links to the search for information from customers. With the assistance of social networking services, the establishment of connections is accelerated with a large number and wide variety of individuals and firms. While customers may prompt a search for products or services through a multitude of social networking channels, firms seize opportunities to reach more prospective customers.
- **Interaction**
Social networking sites greatly facilitate fast and real-time interactions among people worldwide without restriction of geographic distance and time. Interaction between the company and the customer is regarded as the locus of value creation and value extraction (Prahalad and Ramaswamy 2004). Social networks allow the company to establish continuous dialogues with customers, acquire knowledge shared among groups of customers with shared interests, and extend the scope

of customer interaction. Social interaction helps companies to improve their understanding of customers' needs, especially changes in needs over time, and implement modifications to existing products or the development of new products in order to better satisfy these needs.

- Satisfaction

The stage is achieved when customers stay connected and continue to interact with sellers. However, it may not ensue a long-term relationship.

- Retention

Customer retention is the maintenance of continuous trading relationships with customers over the long term (Buttle 2009, 258). Customer satisfaction has a positive effect on retention which results in enduring relationships.

- Commitment

Commitment in customer engagement follows three dimensions of commitment in relationship strategy that consists of affective commitment, continuance commitment, and normative commitment.

- Advocacy and engagement

Advocacy relates to product endorsement from customers' experience to audience on social networks, whereas engagement occurs when customers have strong emotional bonds in the exchange relationship with the seller.

However, the model for customer engagement illustrated by Sashi (2012) is not a definite conclusion since there have been many other studies and researchers that suggest different framework for the process of customer engagement. Yi and Gong (2012) assume customer engagement in value co-creating is comprised of eight aspects that are information seeking, information sharing, responsible behaviour, personal interaction, feedback, advocacy, helping and tolerance. Helping means that customers are willing to give advice to other members; and tolerance refers to the customers being patient when the product does not meet their expectations. Groundwire (2010) describes customer engagement as a pyramid consisting of six levels: observing, following, endorsing, contributing, owning and leading. Owning is the level in which the customer has a deep commitment with the company, and leading is the highest level pertaining to the customer's initiatives for supporting the company's major goals.

Proposed explanations for customer engagement are not substantially different to each other. The fundamentals of customer engagement surround interaction with the firm for deriving mutual benefits. Customers are empowered to express their opinions, complaints that are appreciated by companies with the purpose of improving, and offering customers tailored products.

4.2 Social CRM

4.2.1 The conception of social CRM

Basically, social CRM is about making and maintaining connections with customers by using social media platforms. Of the platforms, social networking services are particularly suited for collecting information, feedback from customers, initiating two-way conversations and developing relationships with them through communication and interaction (Enders et al. 2008; Kaplan and Haenlein 2010). Facebook or Twitter is considered to be one of the most appropriate social networking sites for expediting interaction owing to its global widespread popularity.

The principle of social CRM is built around the empowerment of customers through engagement process when it focuses on managing and understanding customer conversations. Social CRM represents a real paradigm shift in the way a business perceives and interacts with customers since it requires a new approach of customer relationship management through listening and adjusting business messages to maximise profitable opportunities, thus embracing quality conversations between a company and a customer rather than business transactions.

Lacy, Diamond and Ferrara (2012, 16) define social CRM as “a philosophy and a business strategy, supported by a system and a technology, designed to improve human interaction in a business environment”. A similar view is held by Paul Greenberg (2009) that “social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, workflow, process and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment”.

Compared with traditional CRM, social CRM is oriented customer-centric approaches that has shifted the nature of CRM from selling to relationship building by emphasising buyer-

seller interactions. It enables the company to identify which customer is influential, better understand customers' sentiment through conversations, discussions. Social CRM helps capture information gathered from those dialogues that is put into the translation process afterwards for driving product improvement, new services, beneficial changes, innovation and so forth.

Social CRM is a process in which unstructured conversations circulating between customers themselves are gathered and analysed by social analytic tools. The information then is delivered to business operating units for processing with the aim of providing matching solutions, and supporting sales, customer services.

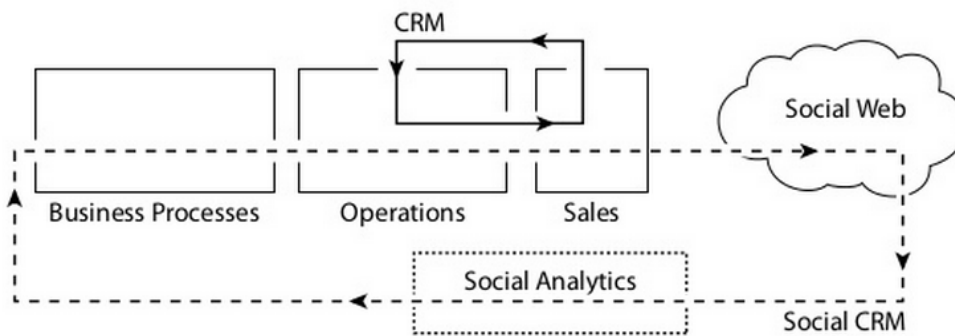


FIGURE 8. Social CRM in business context (Evans and McKee 2010, 237)

The combination of social networking services and CRM brings an enormous opportunity to enrich customer interactions and develop a means to manage and measure how the firm uses social networks while successfully engaging social customers (Mosadegh and Behboudi 2011). Evans and McKee (2010, 235) indicate four elements of social CRM are listening, responding, connecting, and collaborating.

- Listening relates to the collection and quantification of conversational data.
- Responding is involved in managing a basic, participative process such as asking and answering questions.
- Connecting and collaborating pertain to identifying and appreciating suggestions of customers to improve products and services, thereby managing conversations.

4.2.2 Benefits of social CRM in relation to traditional CRM

While traditional CRM manages customer relationships based on past transactional data

including purchases, calls and other historical events, social CRM concentrates on driving the future-oriented process of collaboration between an organisation and customers, such as customers are concerned by asking “How can this product or service be made better?”. The process is a core to an overall strategy that is designed and implemented to delight customers.

Social CRM represent a significant shift towards enhancing CRM strategy.

- It engages customers who can share a business’s messages to their friends, groups.
- The company gets constructive feedback on offerings from customers that helps to initiate modifications.
- The company has chances to identify prospective customers, reduce customer support costs with targeted monitoring software.

TABLE 2. Differences between traditional CRM and social CRM (Wiki)

Traditional CRM	Social CRM
Definition: CRM is a philosophy and a business strategy, supported by a system and a technology, designed to create and develop relationships with target customers for the purpose of improving customer value and corporate profitability.	Social CRM is a philosophy and a business strategy, supported by a system and a technology, designed to engage the customer in a collaborative interaction that provide mutually beneficial value.
Relationship between the company and customer is seen as company managing customer-parents to child to large extent.	Company-customer relationships are seen as collaborative effort, yet the company must still be an enterprise in all other aspects.
Business focuses on products and services that satisfy customers.	Business focuses on experiences and environments that engage customers.
Customer-facing features: sales, marketing, support	Customer-facing both features and the people who are in charge of developing and delivering those features
Marketing focuses on processes that sent improved, targeted highly specific corporate messages to customers.	Marketing focuses on building relationship with customers - engaging customers in activity and discussion, observing and

	redirecting conversations and activities among customers, participating in those conversations.
Insight and effectiveness are optimally achieved by the single view of the customer data across all channels by those who needed to know. Based on complete customer record and data integration.	Insight is a considerably dynamic issue and is based on customer data, customer personal profiles on the web and the social characteristics associated with them, and customer participation in the activity, acquisition of the insight.
Technology focuses around operational aspects of sales, marketing, support.	Technology focuses on both the operational and social aspects of the interaction.
Tools are associated with automating functions	Integrate social media tools into services: blogs, wikis, podcasts, social networking sites, content-sharing tools, user communities.

From my point of view, social CRM does not substitute for traditional CRM. Instead it follows the framework of traditional CRM and extends the scope of CRM by integrating social networking sites for communication with customers in ways that deliver mutual benefits. Specifically, social CRM not only provides an approach to customer insight gaining that is applied to facilitate better customer relationships but also entitles customer to proactively participate in the life of the company.

5 INTEGRATION OF FACEBOOK INTO CRM

Facebook Page

Since Facebook has attained more than one billion active users all over the world, companies cannot afford to ignore this service as a major communication channel. Facebook gives businesses a social presence through Facebook Page that offers tools for marketing products, building brand awareness. Further, it allows companies to publish content (photos, links, videos), spread information, send private messages, make contact with customers, and build relationships.

Palmer and Koenig-Lewis (2009) indicate that Facebook Page creates a collaborative space where companies and customers can have rich interactions. The Page enhances customers' ability in proactive communication with the company about their wants and needs, which creates a source of valuable customer insight for companies.



FIGURE 9. Facebook Page of The Coca Cola Company (Mashable)

The main aspects of Facebook Page in support of CRM

From my point of view, Facebook offers distinctive features that supports company-customer relationship reinforcement.

Word of mouth marketing

Word of mouth referrals are the great benefit that Facebook Page provides to users. Thanks to its connectivity and interactivity, a variety of groups and communities are established. Participants are enabled to join different groups within the same network, so it is possible to see each person's activities and membership choices. When a user likes, comments on, or shares information on Facebook, the activity is immediately spread to the newsfeeds of that person's friends. By this way, product reviews and recommendations from a consumer is disseminated to her friends, acquaintances, members of groups she engaged in, which in turn affects those persons' attitudes towards the company or product. As information is shared between participants on Facebook, it is considered as word of mouth marketing. Many organisations exploit this significant advantage to reach more potential customers as well as improve relationships with current ones.

Nonetheless, information spread to such vast audience may influence both companies and brands. If the consumers write positive comments about certain brands, those brands benefit by the effect that the comments have on that consumers' friends (Seung-A, 2012). In this case, word of mouth is viewed as advocacy in the process of customer engagement that adds value for organisations. Consequently, successful integration of Facebook Page by a company gives the customers the feeling that they belong to a group with a common interest (Information, Communication and Ethics in Society 2013, 115). Starbucks, for example, created "MyStarbucksIdeas," where consumers got the chance to express their opinions, share information, vote, and discuss Starbucks (Hansson et al. 2013).

Customer engagement

Facebook Page has a wide range of functions that facilitates real-time interactions like chat session, instant messaging so that companies can receive consumer input and

feedback in real time. Integrating Facebook Page into CRM follows the principles of social CRM in which customer engagement is regarded as the most significant driver to effective relationship management. Engagement process is the key element in extracting value from customers (value proposition), and creating value for businesses (value co-creation) simultaneously. The better the company understand desires, motivations and viewpoints of customers, the more effectively it can capture their attention and deliver messages. Further, collaborative behaviour of the company is also taken into consideration through four stages which are listening, responding, connecting, and collaborating.

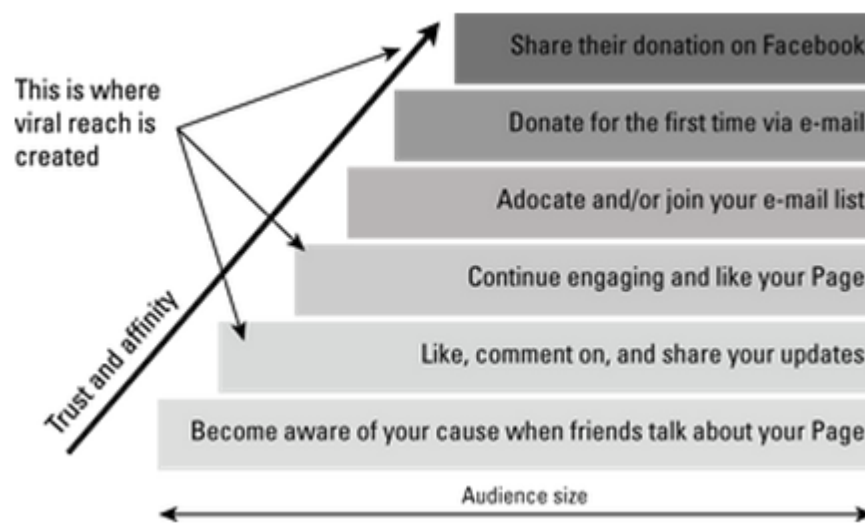


FIGURE 10. The ladder of engagement in Facebook Page context (Haydon 2013)

Applying the model of customer engagement and social CRM theory, a diagram suggested by Haydon (2013) illustrates the degree of customer's involvement in interaction with the brand on Facebook Page. The more customers engage in interacting, the more they become advocates for the company, which also leads to increases in trust and affinity. In addition, advocates have tendencies to give recommendations to other people.

Content strategy

Content publishing is also crucial because it is an incentive for customers to engage with the brand online. Content includes images, photo albums, text, videos and so forth. According to Steeves (2013), a single image generates 120% more engagement than the

average post. In addition, it is suggested that text should be brief to retain readers' attention.

Content can be divided into the following type:

- Tips and help: the content gives advice on product use, for example.
- Brand promotion: the content pertains to promotional campaigns, product promotion, events.
- Active engagement: posts refer to polls, or questions that are conducted to get customers' opinions, feedback.
- Press and media: press releases, or relevant articles.
- General content: videos, images, general comments are examples of this content type.

The use of Facebook Insights as a social analytics

As the essence of social CRM is analysing information through interactions on social platforms, analytic tools play an imperative role in combination with common CRM software for analysing customer data. Social analytics provide powerful insight into the personal views of customers while CRM software extracts customer information based on transactional data.

There are various social analytic tools for gaining customer insight through their feedback, ratings, or reviews. Nonetheless, Facebook Page offers its own social analytics named "Facebook Insights" that is used to measure and analyse to what extent customers interact with the Page, and customers' behaviour based on their comments, likes and shares, whereby the company can get valuable insight about each customer. Besides, Facebook Insights provides critical data on Page-related activities associated with relevant reports. For instance, the Overview report describes how many people like content, how people interact with content, what type of content gets the most comments, the most likes or shares. Both Facebook Insights and its reports represent the company's serious attention to customers in accordance with their activities on the Page.



FIGURE 11. An illustration of Facebook Insights metrics (Haydon 2013)

6 RESEARCH

6.1 Research objectives

Adapting to the exponential growth of social media worldwide, Finland is impressed by an incredible number of participants on Facebook platform. There are 2.4 million Finns who are active users on Facebook among a total population of over 5 million while Twitter has round 150 000 Finnish users (Valtari 2013). Furthermore, Statistics Finland indicated that 38% of enterprises in Finland used social media to do business as of November, 2013. Of social media platforms, social networks were used by 34% of the enterprises with main purposes of improving the company image, or market products.

Since social networks are incorporated in most cases of advertising, or building brand awareness, the combination of social networks and CRM is not highly concentrated. The thesis idea has been evolved partly from my idea of using Facebook for contacting with customers when I was doing a relevant task during my internship period. In addition, Facebook is the most influential social network worldwide that attracts such the huge number of audience's attention in Finland. So, I wondered if Facebook was also helpful in building relationships with customers in businesses Finland. Those were motives for this thesis research's development.

The thesis researches the integration of Facebook into CRM activities. The research was conducted by sending a questionnaire to 542 companies selected among more than 6000 businesses located in the city of Kuopio through sampling methods. Irrespective of industry and size, chosen companies were asked about their evaluation of Facebook usage as well as its benefits in reinforcing customer relationships in order to address key research questions:

- What are businesses' attitudes towards integration of Facebook Page into CRM activities?
- How effectively do they incorporate Facebook into CRM?

6.2 Methodology

Research methods refer to systematic, focused and orderly collection of data for the purpose of obtaining information from them, to solve or answer a particular research problem or question (Ghauri and Grønhaug, 2005). Research is often categorised into two distinct types: qualitative and quantitative methods. Aliaga and Gunderson (2000) define quantitative research as explaining about phenomena by collecting numerical data that are analysed with the use of mathematics-based methods (in particular statistics). Analytical techniques such as graphs, charts are used to process, present and examine relationships and trends within data. Conversely, qualitative research aims to achieve deep understanding of a situation, event, human behaviour through detailed descriptions. It emphasises insight gaining and theory building rather than hypotheses testing. The difference between two methods is underlined in the table below.

TABLE 3. Comparison between quantitative research and qualitative research (Ghauri and Gronhaug 2005, 110; Sauders et al. 2007, 472)

Quantitative research	Qualitative research
Emphasis on testing and verification	Emphasis on understanding
Focus on facts	Focus on understanding from respondent's point of view
Result-oriented	Process-oriented
Based on meanings derived from numbers	Based on meaning expressed through words
Collected results are in numerical data	Collected results are non-numerical data
Analysis conducted through the use of diagram and statistics	Analysis conducted through the use of conceptualisation

The purpose of thesis is not to get entrepreneurs' insight into Facebook, instead, to measure the effectiveness of Facebook usage in CRM. Thus, quantitative method is considered to be suitable in this case. Moreover, data collection provides overall assessment of Facebook usage, which is impracticable if using qualitative method.

6.3 Data collection and analysis

Sampling techniques

Sampling is the process of selecting units from a population of interest (Trochim 2006). Sampling is necessary as in some case, it is impractical to collect data from an entire population. Sampling techniques provide a range of methods that enable researchers to consider only data from a sample rather than all units. A sample is the segment of the population that is selected for investigation (Ghauri and Gronhaug 2005, 147). Sampling techniques can be divided into two types: probability (representative) and non-probability (judgemental) sampling (Saunders et al. 2007, 207). Probability sampling is more popular because it provides estimation of precision, offering the opportunity to generalise findings to the population from the sample. Moreover, probability sampling is most commonly associated with survey-based research that refers to a method of data collection through the use of questionnaires or interviews for getting respondents' opinions, attitudes as well as causal relationships. Four main techniques can be used to choose a probability sample, which are simple random sampling, systematic sampling, stratified sampling, and cluster sampling.

The research was undertaken by using systematic sampling in combination with a questionnaire. Gathering a list of all companies in the city of Kuopio was implemented as the first phase. The official website of Kuopio (kuopio.fi) provides a large database of businesses operating in this city. Then the systematic sampling method was applied to select companies as survey participants with Excel tools' support. Collecting email address was done for chosen companies. The writer decided the sample size of 700 to decrease error margin. The larger the sample size is, the smaller error margin is. However, there were 542 companies in total with the proper email addresses, or Facebook contact. In reality, the writer could not access to all 700 companies' websites to get email contact because many sites were invalid. Other companies had the complex page design, and it was difficult to find email addresses. For this case, the writer chose Facebook as a social contact channel to send a questionnaire.

Questionnaire

The objectives of a questionnaire is obtaining precise information from participants to examine the usage of Facebook in business, especially in CRM activities. The questionnaire was created online by Webropol 2.0 software, with different types of questions, including:

- Closed questions: closed questions provide a number of alternative answers from which the respondent is instructed to choose.

- Open questions: in contrast to closed questions, open question allows respondents to answers in detail by giving their opinions, ideas etc. into the text space.
- Multiple choice questions: this type of question gives specific responses to respondents like closed question; however, respondents can choose many answer options.
- Rating scales: a rating scale is a method that requires respondents to assign a value to the rated object, for example, “on a scale of 1 to 5”, or given options “never, sometimes, always”. Two types of rating scales were used in the survey:
 - Likert-scale: a Likert-scale question seeks to determine the respondent’s attitude towards a particular subject, usually asking the level of agreeing, or disagreeing with statements.
 - Multiple rating list scales: pertains to normal rating scale questions with the options provided like “never, sometimes, always”.

(Wilson 2010, 153-155; Cooper and Schindler 2011, 336).

Closed question type was mainly used in the questionnaire. The writer thought it was a good choice for surveying office workers because they were often busy with business tasks, and might ignore the questionnaire. Therefore, closed questions helped to quickly answer, and save time.

Data analysis

Apart from helping to create survey, Webropol is useful for analysing data since it provides descriptive statistics, the report function with tables and charts that illustrate the results. All these tools were applied for analysing data. Further, Microsoft Excel was also used for exporting results from Webropol system to documents.

6.4 Research results

The questionnaire survey was sent to 542 companies from 27 November to 19 December 2014 by email messages with Webropol’s support, and private messages via Facebook tool. The request was made twice to maximise the response rate. There was 36 respondents, corresponding to 6.6% response rate with the sample size of 542.

Basic information is contained from question 1 to question 4, figuring out what the occupational position of respondent is, which industry one's company operates, how many employees it has. The fourth question asked whether the company used Facebook Page or not.

The first question asked respondents about occupational position. 54% respondents are executives, people are employees that accounts for 40%. The others form 6%, including a self-employed person, and a member of social media team.

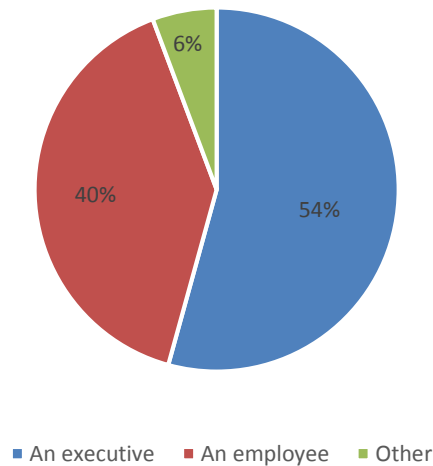


FIGURE 12. Respondents' occupational positions

Next questions, the second and third ones, clarify the industry which the companies of respondents operate in as well as the size of those companies. With the given categories, companies operating in information technology (IT), catering service, tourism, and production manufacturing industries has the majority of respondents, from 4 to 5 people in each company. The fairly considerable number of people work for other industries including social services, designing, repairing, textile, beauty salon, research, sport, healthcare, and cattle breeding, with 14 respondents in total.

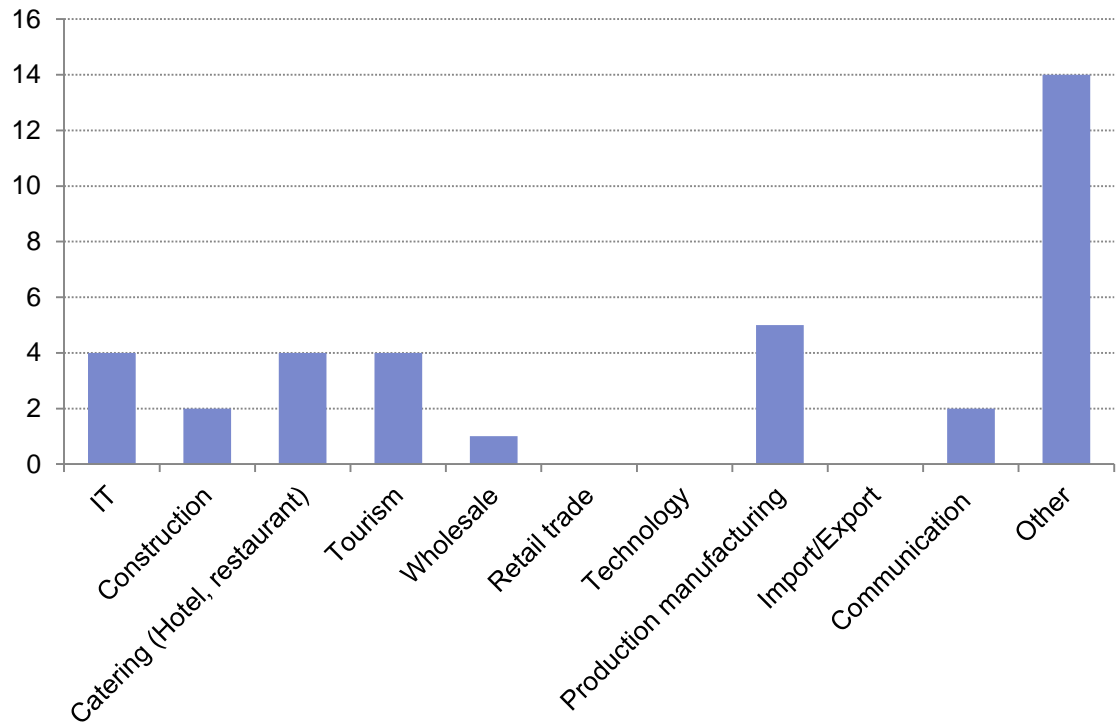


FIGURE 13. The industries that companies operate in

Micro enterprises with 1-9 employees account for the highest proportion, 54%. For small enterprises (10-49 employees) and medium ones (50-249 employees), each group comprises one fifth of all enterprises. Large enterprises with more than 250 people make up 6%.

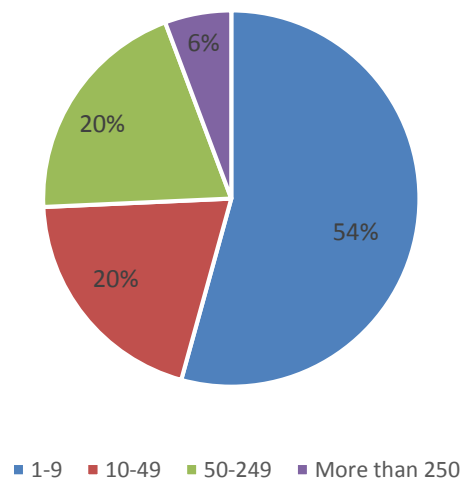


FIGURE 14. The size of those companies

In regard to the fourth question “Do your company have Facebook Page”, 81% of respondents inform that their company have it. Companies that do not use Facebook Page comprise 14%, and 5% people state that their companies used to have Facebook Page.

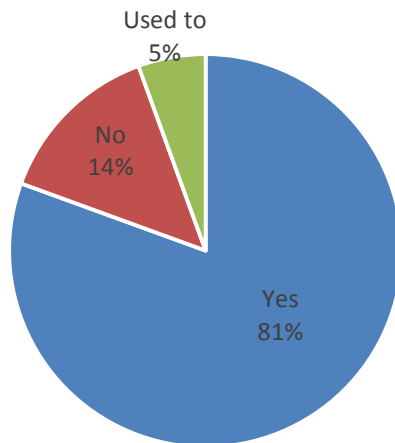


FIGURE 15. The usage of Facebook Page among those enterprises.

The set of questions from 5 to 17 are assigned to those who use Facebook Page with the aim of analysing the effectiveness of Facebook in managing customer relationships.

The effective use of Facebook Page is primarily measured by the degree of interaction between companies and their customers via Facebook. To describe in detail, the question “By which means do your company communicate with customers?” is set to get understanding of how commonly Facebook Page is utilised for contacting with customers.

TABLE 4. The frequency of using communication means to contact with customers

	Frequently	Sometimes	Never	Total	Average
Email	23	6	1	30	1.27
Online contact form on our website	8	11	8	27	2
Telephone	22	8	0	30	1.27
Facebook Page	10	16	4	30	1.8
Personal contact (mobile phone, face-to-face conversations)	25	5	0	30	1.17
Instant messaging (Skype)	2	7	20	29	2.62
Other	4	2	6	12	2.17
Total	94	55	39	188	1.76

From data collected in TABLE 4, 25 companies (83% of respondents) use personal contacts as the most frequent means to communicate with customers. Email and telephone are the second ones, used by 23 and 22 companies respectively (equivalent to 77% and 73% of respondents). Only 10 companies (33%) use Facebook Page for contacting with customers frequently; 13% respondents never use Facebook Page as a communication channel although they have it.

The next relevant question indicates how actively businesses devote attention to Facebook Page management. The results are illustrated below.

TABLE 5. The frequency of managing customer activities on Facebook Page

	Less than once/week	once/week	2-3 times/week	4-5 times/week	Daily	Total
Answer customers' questions	18	2	1	3	3	27
Deal with customers' complaints	19	3	0	2	3	27
Check personal messages from customers	14	3	0	5	5	27
Ask for customers' feedback on our products/services, or Facebook Page-related issues	23	3	0	0	2	28
Observe customers' activities (through reading their comments, discussions among them, customers-generated content)	12	7	2	3	3	27
Take part in conversations with customers	17	3	2	2	3	27
Compliment customers on their contribution (for example their questions, comments)	18	4	1	1	3	27
Offer entertainment benefit to customers (games, for example)	24	1	0	1	1	27
Update Page, create new posts	9	5	5	5	3	27
Provide information on our new products/services for customers	10	7	5	4	1	27

The TABLE 5 shows the large majority of respondents rarely use Facebook Page to interact with customers. Almost enterprises just spend less than once a week handling with customer-related issues via Facebook Page. Ten enterprises (37% of respondent) altogether take every day or 4-5 times a week to check customers' message on Page. "Provide information on our new products/services for customers" is appreciated by four enterprises (15%) that take 4-5 times a week to carry out this duty. There are only eight enterprises (29.6%) creating new content on the Page daily or 4-5 times a week.

It is realised that all those companies have not yet put deep concentration on interacting with customers across the Page. With such very low intensity of Facebook Page usage, it is hard to create incentives for customer engagement.

Incorporating Facebook into CRM are based on engaging customers in collaborative interaction that provides mutually beneficial value. Whether Facebook brings benefits to businesses or not, information gathered in TABLE 6 is the answer to the question about the effect of Facebook usage concerning traditional CRM facets.

TABLE 6. Evaluation of Facebook's benefits for CRM from the respondents' perspectives

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Facebook Page is effective in helping us to choose target group of customers for our company.	2	10	7	5	3	27
Collaborating Facebook Page on our business makes sales volume increase.	2	12	6	4	3	27
Facebook Page has low cost for marketing.	10	13	3	0	1	27
Facebook Page provides us with time saving in communicating with customers.	4	8	9	6	0	27
Customers mostly interact with us on our Facebook Page.	1	3	6	9	8	27
Facebook Page helps us better gather customer data based on their profiles (their interests, groups that they belong to).	1	5	8	10	3	27
Facebook Page enables us to provide suitable solutions for each individual customer.	1	2	6	16	2	27
Via Facebook Page, we easily analyse customer information and categorise them into specific groups.	0	5	4	11	7	27
Facebook Page makes us more properly understand what each customer thinks about our products/services, and what he/she needs from our company.	0	5	6	12	3	26
Facebook Page helps to develop short-term to long-term relationships between our company and current customers.	1	12	6	5	2	26
Facebook Page helps us to earn more new or prospective customers through current ones.	2	11	7	6	1	27
Customers play a crucial role in sharing their opinions on product development of our company on Facebook Page.	1	4	8	11	2	26

There are 12 respondents (44%) admitting that collaborating Facebook makes sales volume increase. 7 people (26%) object to the point, and 6 people (22%) have a neutral voice. Twenty three respondents (85%) agree “Facebook Page has low cost for marketing”, 10 out of them strongly agree. Only 1 person (4%) strongly disagree on the statement, and 3 people (11%) have neutral votes. It proves Facebook Page provides a great benefit for businesses that helps to increase sales with low marketing costs.

With respect to customer knowledge, 12 respondents (44%) agree that Facebook Page helps to choose target groups of customers for their companies. Two people out of 12

respondents strongly agree. Nonetheless, the Page is not useful for gathering and analysing customer information. There are total 13 respondents (48%) who do not agree on the statement “Facebook Page helps us better gather customer data based on their profiles”. Eighteen people (67%) show disapproval of the statement “via Facebook Page, we easily analyse customer information and categorise them into specific groups”.

Twelve people (44%) agree that the Page helps to save time for communicating with customers, 6 people (22%) disagree, 9 people (33%) express neutral attitude.

The statement “Customer mostly interact with us on our Facebook Page” gets 9 “disagree” and 8 “strongly disagree” answers, corresponding to 33% and 30% of respondents. There are only 4 people (15%) who agree on this point. These results prove that interaction through Facebook does not capture a great deal of customers’ attention yet.

Understanding customer needs is an important aspect of value proposition in CRM philosophy. It is said that Facebook offers a great benefit of extracting customer value. Since Facebook Page allows customers to share their opinions, by reading their comments, conversations, discussions, the company can get deeper insight about customers to improve offerings. Thus, two statements, “Facebook Page for enables us to provide suitable solutions for each individual customer” and “Facebook Page makes us more properly understand what each customer thinks about our products/services, and what he/she needs from our company”, are suggested to examine whether the Page is effective in better understanding about customers. As results collected, the majority respondents disagree on these two points. “Facebook Page for enables us to provide suitable solutions for each individual customer” have 18 people (67%) with “disagree” and “strongly disagree” answers, whereas with the same choices, the other statement gets total 15 votes (58% of respondents).

For the statement “Facebook Page helps to develop short-term to long-term relationships between our company and current customers”, 13 respondents show positive attitude (with 1 “strongly agree”, 12 “agree” responses), 7 people oppose this point altogether, and 6 people have no opinions. With the fairly high number of respondents approving, Facebook demonstrates the capability to achieve customer commitment that contributes to formulating relationship strategy mentioned as one of cornerstones of CRM theory.

The two last statements asked respondents about the result of engaging customers in interacting with the brand on Facebook. The purpose is to assess the likelihood of

engaged customers becoming advocates for the company. Engaged customers are more likely to recommend products to others, proven with the point “Facebook Page helps us to earn more new or prospective customers through current ones” that is acknowledged by 13 people (48%) with 2 “strongly agree” and 11 “agree” votes. Seven people state the contrary opinions, and 7 people give the neutral option. However, there are all 13 respondents (50%) who do not agree on the statement “Customers play a crucial role in sharing their opinions on product development of our company on Facebook Page”, just 5 people agree. This result demonstrates that customer engagement still maintains at minimal level.

Customer engagement is the principal part in social CRM literature. The following question is the evaluation of the degree of customers’ participation in interacting with the brand on Facebook from the respondents’ perspectives.

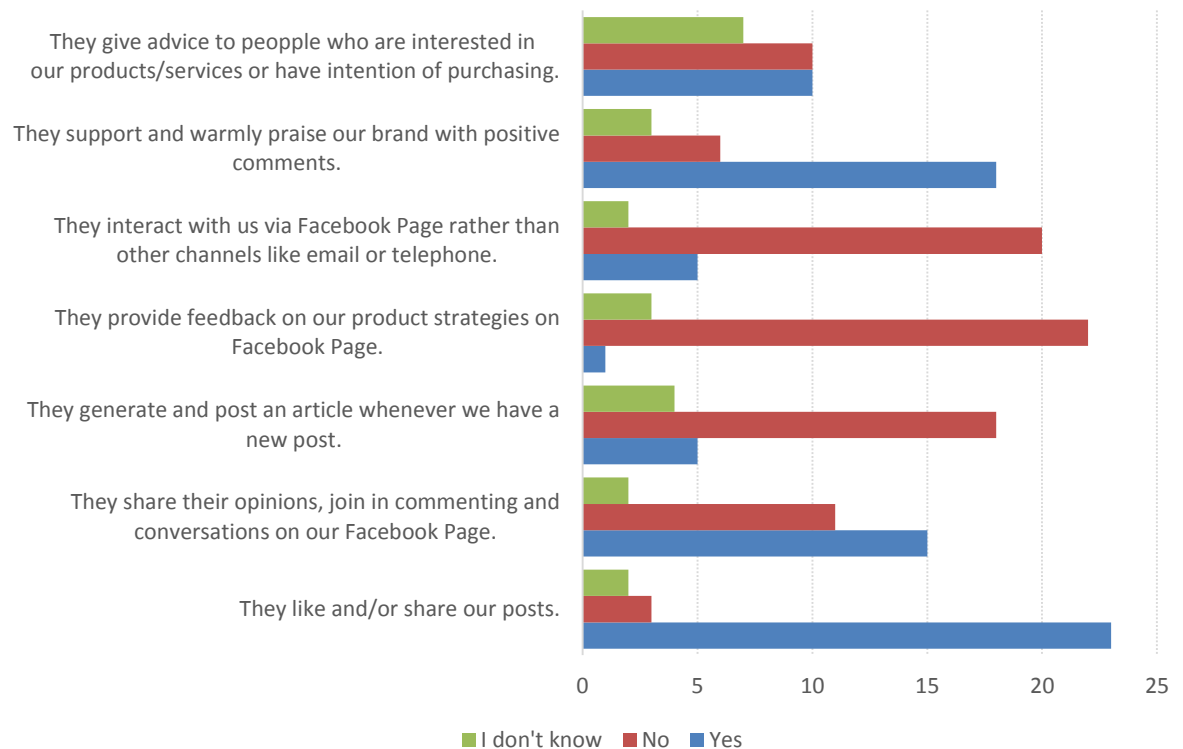


FIGURE 16. The degree of customer engagement based on the respondents’ assessment

Customers are mainly involved in liking, sharing posts; commenting, joining in conversations; and compliment the brand. Nearly 85% respondents (22 enterprises) confirm that their customers do not participate in product-related activities on Facebook.

Furthermore, the effective use of Facebook Page depends on adopting Facebook Insights as well as reporting in order to monitor customer activities in depth.

In accordance with answers received, just 32% respondents (10 enterprises) use Facebook Insights to analyse customer engagement. A half of them (5 enterprises) make reports based on the tool once a month, 30% respondents report once a week.

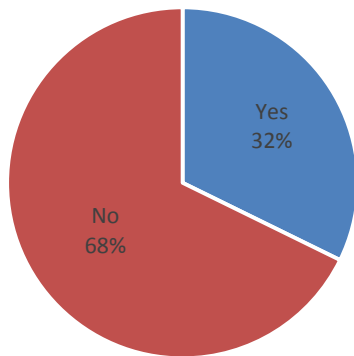


FIGURE 17. The usage of Facebook Insights

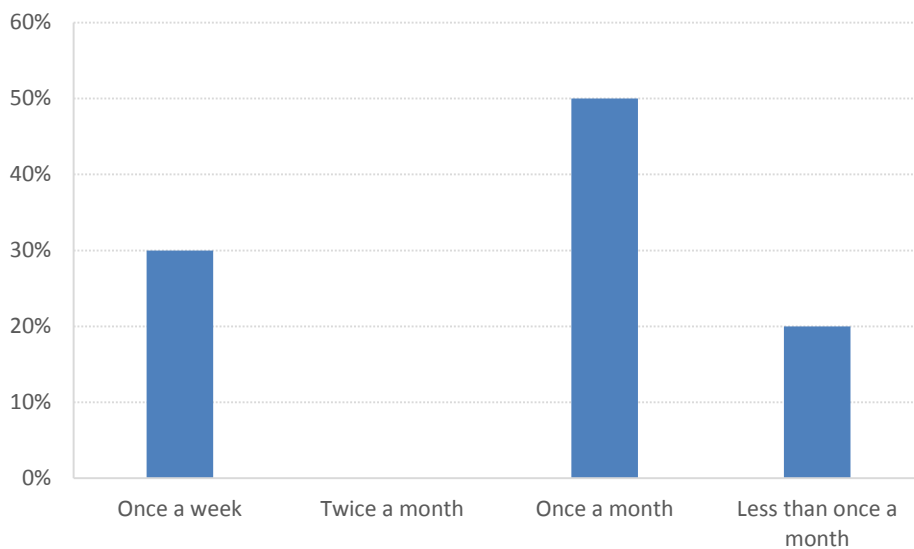


FIGURE 18. The frequency of reporting based on Facebook Insights system

The last and closed question asked respondents about their general opinions on the effectiveness of Facebook Page in CRM.

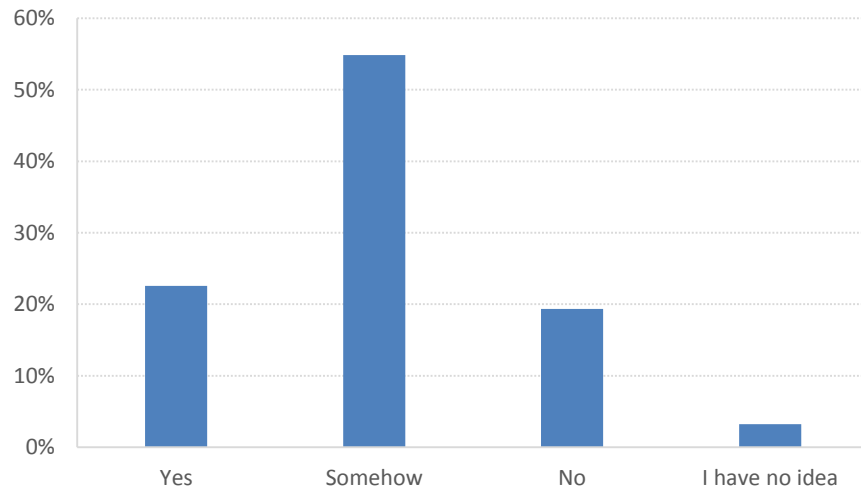


FIGURE 19. Respondents' opinions on the effectiveness of Facebook use

23% respondents agree that Facebook Page is effective in CRM, 55% people assume Facebook Page is partly effective. Since those companies rarely use Facebook for interaction, it is difficult to engage customers, which results in limited effectiveness of Facebook usage.

According to data gathered from question 4, 14% of respondents do not have Facebook Page. A multiple choice question is given to find the reasons for the issue.

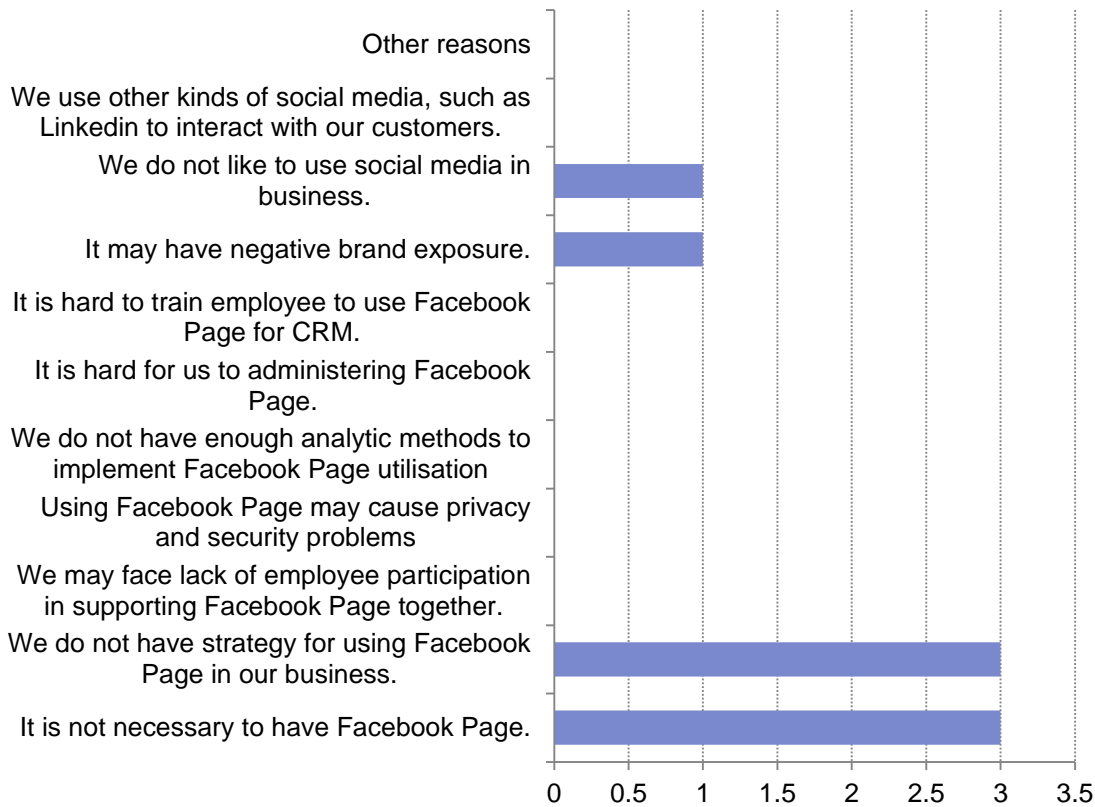


FIGURE 20. The reasons why the other group of respondents do not have Facebook Page

The major reasons are chosen most that those companies do not have strategy for Facebook Page use, and Facebook Page is not necessary. When being asked “Do you have intention to use Facebook Page in the future?”, 60% people assume they may use it in the future.

7 FINDINGS DISCUSSION AND LIMITATIONS

7.1 Discussion

The group of respondents have Facebook Page

Facebook Page usage

Based on the survey's results, the large number of businesses who use Facebook Page are micro enterprises in different industries. The Page is still used at limited extent since most companies contact with their customers by personal contacts, email and telephone more frequently than by Facebook.

Collaborative behaviour of enterprises

Those enterprises have not paid much attention to customer-related activities on Facebook Page. It is reflected in four important stages of social CRM context that are listening, responding, connecting, and collaborating. The listening stage refers to observation of customers' discussions, comments. Connecting and responding is reflected in answering customers' questions, dealing with complaints, checking private messages, and requesting feedback. The final stage is collaboration that are their participation in customer conversations. Surveyed enterprises just spend a very short amount of time for these stages regarding interaction with customers.

The outcome of Facebook Page's integration concerning the fundamentals of CRM

In spite of the fact that Facebook Page enables companies to increase sales volume with low marketing cost, it is not the appropriate channel of communication. Both companies and their customers do not often use it for interacting. As a consequence, they are not capable of managing customer knowledge. Since unstructured customers' comments and dialogues are not critically analysed, they do not understand what each customer needs in order to provide customised offerings.

Hence, it also proves that customer engagement does not create value proposition without coordinating behaviour of suppliers.

Commitment is one of the key elements of relationship strategy within CRM framework. Based on the survey results, Facebook Page relatively is useful for fostering short-term relationships to long-term relationships with current customers. It ascertains that applying Facebook Page has a high probability for achieving commitment, especially affective commitment.

Customer engagement partially contributes to value-adding process for enterprises when it helps to find prospective customers through current ones. To some extent, it proves the benefit of word of mouth referrals Facebook Page delivers. Existing customers act as advocates for their suppliers by giving product recommendation to friends, acquaintances across their networks. However, value co-creation also includes customers' contribution to business operations, such as product development, which is highly impractical.

Furthermore, customer engagement still remains at very low level. They just engage in making conversations on Facebook Page, and praise the brands with positive comment. They are not involved in supporting major goals of the companies like sharing their opinions, providing feedback on product development and strategies. Page's content that is one of strategies driving customer engagement is not highly focused when companies spend very little time carrying out this activity.

The usage of Facebook Insights

Facebook Insights is considered as a social analytics that is used for gaining customer knowledge, particularly knowledge from interaction. By analysing unstructured comments, conversations, companies can obtain customer insight in order to offer customisation.

Nevertheless, utilising Facebook Insights is not hard concentrated. Only 10 out of 31 companies apply this tool for analysing customer engagement. Among those ten companies, half of them report once a month, other three ones make reports once a week. The weekly report represents a large investment for the company since Facebook is monitored on a frequent basis.

Difficulty in using Facebook Page

An open question is suggested to ask about difficulty in using Facebook Page. The followings outline challenges posed when adopting the Page.

- A few respondents state they do not have enough time and resources for it, whereas others do not trust Facebook.
- In business-to-business context, email is still preferred option of communicating for clients. Besides, it is ascertained that they are not active on Facebook and therefore miss information posted on the Page.
- One company affirms that the use of Facebook Page is a waste of time.

The lack of resources is one of reasons causing difficulty. It may be perceived as a lack of employees' participation, or the implementation of short-term, long-term strategies for Facebook Page use. Further, clients prefer email to the Page that partly restricts Page usage.

Conclusion based on general participants' assessment and survey results

It is recognised that Facebook Page is not used as a constant communication means. It has not been effectively deployed to attract customers' attention that leads to poor cooperation between the brands and customers across the Page.

Enterprises have not yet devoted a great deal of time and effort into Facebook Page. Thus, customer engagement is not highly encouraged and focused that slightly affects the effectiveness of the Page in reinforcing customer relationships.

However, most of the enterprises admit Facebook Page is effective in managing customer relationships to a certain extent. It also demonstrates the Page's potential for CRM if it is wisely invested.

The group of respondents do not have Facebook Page

Conversely, there are the minority number of companies in the survey that do not use Facebook Page. The reasons that Page is not necessary, and the companies do not have strategy for it are chosen most.

Although negative brand exposure is not a main reason, it is worth discussing because it has an influence on a business' reputation. Facebook is a primary social network that enables connectivity and interactivity between humans. So, companies are likely to find it increasingly difficult to manage the messages that customers receive about their products,

or services. When information is disseminated from one to another person, it may be misled. As a result, negative comments is inevitable that may damage an organisation's reputation. Dekay (2012) concludes that companies should refrain from deleting negative comments and respond to them instead. When done properly, this may in fact create goodwill towards the company and enhance its credibility, especially when the company is in the right.

Risks and negative impact of Facebook in particular and social networking sites in general

Negative brand exposure mentioned above is one of risks businesses face when adopting Facebook, and other social networking sites in general. Social networking sites allow people to have access to a large volume of information, encourage user-generated content, thus posing risks. Damage to organisational reputation is caused by negative comments. With a huge variety of social networking sites, people easily find the organisation-related articles via an online search that may be created by former and dissatisfied customers. Those articles demonstrate a public image of the organisation, but they are outside its control.

Further, since the nature of social networking sites is to build up extensive networks of people, fake profiles generated by spammers and virus-writers are unavoidable. With fake profiles, they trawl through social networks to gather information about job titles, phone numbers, email addresses, etc. Fake profiles are vulnerable to virus attack that may cause the potential loss of confidential information. As a consequence, it has negative effects on the outcome, company embarrassment, legal liability, security risks, for example. It also explains the reason why some organisations do not trust social networking services.

7.2 Limitations

Since social CRM is an emerging concept, there is not much existing research that leads to the lack of specific literature on the subject as well as the hindrance to a comprehensive theoretical framework.

As social networking services offer diverse platforms, and each one has different characteristics and audience, it is impossible to compile general information about all the platforms for the survey. I realised the scope of research should be narrowed down to Facebook because I thought it would be better if I only focused on the largest and most

influential social network. However, it is also the reason for very low response rate (6.6%) when specialising in Facebook research. From information gathered, many companies apply other different platforms for their business activities, such as Twitter, Google+, Instagram, StumbleUpon, which the thesis does not cover all of them. The research cannot, therefore, reach a generalisation about the actual situation of Facebook usage in Kuopio area as a whole.

Moreover, the language barrier may be a reason for the low response rate. English is not used popularly in Kuopio business context that makes it difficult to collect materials for the research.

The findings provides the single and overall assessment from the companies' perspectives on the effectiveness of Facebook in reinforcing customer relationships while customer side is not surveyed, which imposes a limitation of the research. Thus, the outcome is not objectively corroborated.

8 CONCLUSION

For businesses in Kuopio, Facebook has not been properly integrated into customer relationship management since companies have a tendency to use it for promoting brands, advertising, or increasing sales. Interaction through Facebook, therefore, is not highly focused that results in poor coordination between two parties, diminishing the effectiveness of Facebook in reinforcing supplier-customer relationships. Nevertheless, it is not a generalised conclusion due to the limitations of the research including the lack of available literature, a very low response rate of the survey, and the absence of customers' perspectives. Incorporating Facebook in CRM demands considerable investment of time and effort from both companies and customers in order to achieve the desired outcome.

The essence of social CRM is mainly based on interaction between organisations and their customers through conversations, commerce feedback (ratings, reviews) which are transferred into internal business process afterwards. By linking with social analytics, they are organised for sensible themes or categories. The purpose of social CRM is helping businesses gain insight into what customers are talking about. Hence, how product, or service is perceived in the marketplace by the customers is essential for improvement, or innovation. Nonetheless, since social CRM is the emerging concept, the literature is still very limited. Accordingly, the thesis research focuses on interacting throughout Facebook Page that relies on evaluation of customer engagement and companies' collaborative behaviour.

Further, many organisations are unwilling to incorporate social network platforms into business activities due to potential risks and possible negative effects. However, the use of social networking services is a competitive advantage for organisations as new platforms are increasingly appear that creates opportunities to reach the more substantial number of audience, thus increasing a customer base.

Consequently, further study is necessary to enhance the results and acquire deeper understanding of the subject. On reviewing the research process, some imperfections are identified to improve further study. The response rate is not very high that is one of the biggest limitations significantly affecting the ability of generalising the results. Hence, it is recognised that the questionnaire should be design in both English and Finnish to lower non-response cases. Another reason which may cause the low response rate is long

answer options. They should be modified more straightforwardly to prevent respondents' confusion. Moreover, some questions are unnecessary for the survey that should be eliminated. The question asking customers' activities on Facebook Page should be changed to an Osgood-scale question with the scale from "important" decreasing to "not important" since it is more effective for businesses to assess their customers' activities based on the level of importance rather than their general perspective from the answer options offered "yes", "no", and "I don't know". It is also necessary to add one or two more questions to get those businesses' opinions about the importance of analysing unstructured comments as well as social analytics' support that is useful to evaluate customer engagement together with organisational coordination behaviour.

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APPENDIX: QUESTIONNAIRES SURVEY

Covering letter

Dear Sir/Madam,

I am a student of Savonia University of Applied Sciences in Kuopio. I am doing the thesis research about "Integration of social media into business". The purpose of this research is to measure how effective companies utilise social media to manage customer relationships, and the results collected from your answers are very important for my thesis research.

So, please assist me with answering a survey via the link below. It just takes you 2-5 minutes to finish. Your answers will be processed anonymously.

In case you do not know well about social media issue of your company, please forward this message to another person who is able to answer.

Your help is much appreciated. Thank you for taking your time to assist me!

Yours faithfully,

Nguyen Dung

Covering letter for reminding

Dear Sir/Madam,

The survey "Integration of social media into business" still needs more responses. I would highly appreciate if you spend about 7 minutes answering the questionnaire. The questionnaire will be available until 15 December 2014.

The results collected from your answers are very important for me to finish my thesis. I would like to ensure that the information will be processed anonymously.

So, please follow the link below to access the survey.

Thank you for taking your time to assist me!

Yours faithfully,

Nguyen Dung

Questionnaire

1. What are your job position?

- ☐ An executive
- ☐ An employee
- ☐ Other, please specify:

2. Which industry do your company operate? *

- ☐ IT
- ☐ Construction
- ☐ Catering (Hotel, restaurant)
- ☐ Tourism
- ☐ Wholesale
- ☐ Retail trade
- ☐ Technology
- ☐ Production manufacturing
- ☐ Import/Export
- ☐ Communication (Public relation, advertising agency)
- ☐ Other, please specify:

3. How many employees do your company have?

- ☐ 1-9
- ☐ 10-49
- ☐ 50-249
- ☐ More than 250

4. Do your company have Facebook Page? *

- ☐ Yes
- ☐ No
- ☐ Used to
(Please explain briefly why you no longer use Facebook Page anymore.)

5. By which means do your company communicate with customers?

- | | Frequently | Sometimes | Never |
|-------|-----------------------|-----------------------|-----------------------|
| Email | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Online contact form on our website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Telephone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal contact (mobile phone, face-to-face conversations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instant messaging (Skype)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please specify <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Who is responsible for managing Facebook Page of your company?

- ☐ Executives
- ☐ Staff
- ☐ All people in our company
- ☐ Few of persons
- ☐ One skilled employee

7. Give your experience of how customers know about Facebook Page of your company.

- ☐ We import email list of customers into our Facebook Page.
- ☐ We attach the line "join us on Facebook" in newsletters sent to customers.
- ☐ Customers know about our Facebook Page from our company's website.
- ☐ Customers find our Facebook Page by themselves.

8. How long do you engage in your company's Facebook Page?

- ☐ Less than once/day
- ☐ 1-2 times/day
- ☐ 3-4 times/day
- ☐ 5-6 times/day
- ☐ More than 6 times/day

9. How is Facebook Page used to interact with customers by one/many persons in your company?

	Less than once/week	once/week	2-3 times/week	4-5 times/week	Daily
Answer customers' questions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deal with customers' complaints	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Check personal messages from customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ask for customers' feedback on our products/services, or Facebook Page-related issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Observe customers' activities (through reading their comments, discussions among them, customers-generated content)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Take part in conversations with customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compliment customers on their contribution (for example their questions, comments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offer entertainment benefit to customers (games, for example)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Update Page, create new posts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide information on our new products/services for customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Put up discount/free offers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Send event invitation to important customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. How many posts do your company make on Facebook Page?

- ☐ Less than 1 post/day
- ☐ 1-2 posts/day
- ☐ 3-4 posts/day
- ☐ 4-5 posts/day
- ☐ 5-6 posts/day
- ☐ More than 6 posts/day

11. Does Facebook Page bring benefits for your company in regard to customer relationship management? Please give your evaluation based on the current situation in your company.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Facebook Page is effective in helping us to choose target group of customers for our company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaborating Facebook Page on our business makes sales volume increase.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page has low cost for marketing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page provides us with time saving in communicating with customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customers mostly interact with us on our Facebook Page.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page helps us better gather customer data based on their profiles (their interests, groups that they belong to).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page enables us to provide suitable solutions for each individual customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Via Facebook Page, we easily analyse customer information and categorise them into specific groups.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page makes us more properly understand what each customer thinks about our products/services, and what he/she needs from our company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Facebook Page helps to develop short-term to long-term relationships between our company and current customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facebook Page helps us to earn more new or prospective customers through current ones.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customers play a crucial role in sharing their opinions on product development of our company on Facebook Page.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Which characteristics do you describe your customers in terms of their activities on your company's Facebook Page?

	Yes	No	I don't know
They like and/or share our posts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They share their opinions, join in commenting and conversations on our Facebook Page.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They generate and post an article whenever we have a new post.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They provide feedback on our product strategies on Facebook Page.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They interact with us via Facebook Page rather than other channels like email or telephone.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They support and warmly praise our brand with positive comments.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They engage in commenting to give advice to people who are interested in our products/services or have intention of purchasing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Do your company use Facebook Insight for analysing customer engagement on Facebook Page? *

- ☐ Yes
- ☐ No

14. If Yes, how often do you make a report based on the tool?

- ☐ Once a week
- ☐ Twice a month
- ☐ Once a month
- ☐ Less than once a month

15. If No, please specify if you use another tool for analysing.

16. What difficulties are you faced with using Facebook Page for managing customer relationships? Please write about your experience.

17. Do you think that Facebook Page is effective in customer relationship management?

- ☐ Yes
- ☐ Somehow
- ☐ No
- ☐ I have no idea

18. Please express the reasons why your company do not use Facebook Page. (You can choose many options if you want)

(Please ignore this questions if your company have /used to have Facebook Page.)

- ☐ It is not necessary to have Facebook Page.
- ☐ We do not have strategy for using Facebook Page in our business.
- ☐ We may face lack of employee participation in support Facebook Page together.
- ☐ Using Facebook Page may cause privacy and security problems
- ☐ We do not have enough analytic methods to implement Facebook Page utilisation
- ☐ It is hard for us to administering Facebook Page.
- ☐ It is hard to train employee to use Facebook Page for CRM.
- ☐ It may have negative brand exposure (for example, negative comments may influence our brand reputation).
- ☐ We do not like to use social media in business.
- ☐ We use other kinds of social media (such as Linkedin, Twitter, Youtube etc) to interact with our customers.
- ☐ Other, please specify

19. Do you have intention to use Facebook Page in the future?

(Please ignore this question if your company have/used to have Facebook Page.)

- ☐ Yes
- ☐ Maybe
- ☐ No

